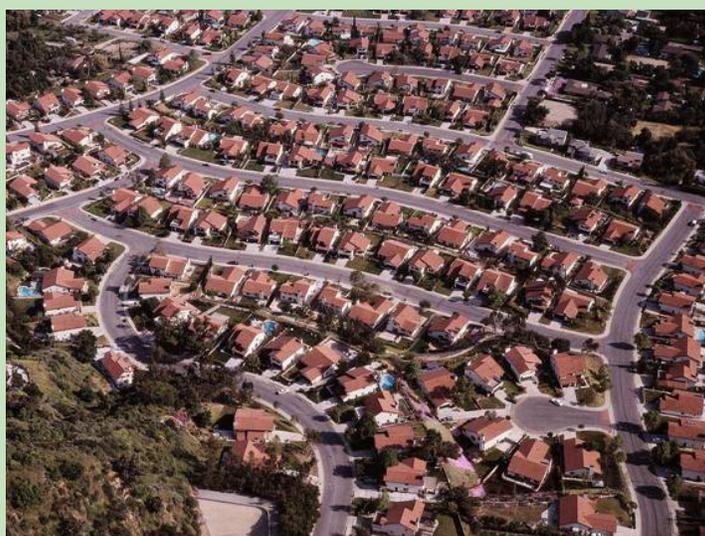
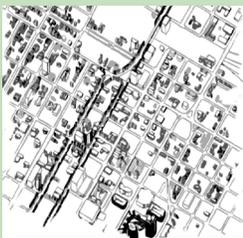
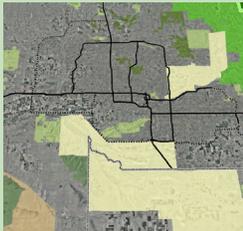


# Analysis and Recommendations for **Home-Based Businesses** *in Maricopa County*



March 2003

Maricopa Association of Governments

**ANALYSIS AND RECOMMENDATIONS  
FOR HOME-BASED BUSINESSES  
IN MARICOPA COUNTY**

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# **CHAPTER ONE**

## **INTRODUCTION**

The purpose of this study is to conduct an analysis of home-based businesses and home-based employment within Maricopa County, and to provide recommendations that could potentially be implemented by municipalities in an effort to address and regulate home-based employment activities. With the advent of today's new economy workforce, many people are making personal decisions to work from their residence instead of commuting into a physical place of employment. Because of structural changes in the economy over the last decade, many communities are certain to encounter circumstances where an increasing number of people operate home-based businesses, or work from their residence through telecommuting or other arranged employment situations. Considering the fact that today's new economy worker is no longer constrained to a primary work location, it is important for municipalities to recognize these changes in today's work force and to proactively address such issues through the implementation of flexible regulations.

While it is recognized that certain restrictions toward home-based employment activities are needed in order to uphold the health, safety and welfare of the community by protecting the local citizenry against nuisances and maintaining the aesthetic quality of residential neighborhoods, there must also be an allowable balance within the local regulatory process which will allow individuals to work out of their home if the employment activity will not have adverse impacts upon the neighborhood.

The term, *New Economy*, is utilized to describe the recent, post-industrial era that is characterized by the proliferation of technology and technological advances which have transcended every facet of today's modern workforce. The new economy is synonymous with the "Information Age," and is based on a broad foundation of businesses and workers that have learned to operate more efficiently by taking advantage of revolutionary technological advances, high-speed telecommunications and the Internet. The new economy is an idea-driven economy, based on free flowing information and the use of technology and networks. These technological advances have changed the way in which traditional work is conducted, and has resulted in the emergence of "knowledge workers" that can effectively operate from any location where accessible technology is available. The emergence of knowledge workers and an increase in the number of individuals that are utilizing technology to create self-employment opportunities are "trademarks" of today's new economy.

This study provides guidelines for municipalities in the regulation of home-based businesses and employment activities. In doing so, it considers these activities within the context of recent technological advances, which collectively, are a primary catalyst for today's new economy. In the development of these guidelines and recommendations, this study accomplishes the following:

- Provides an overview of the *New Economy*.
- Discusses the new economy knowledge worker.
- Assesses local zoning ordinances to determine various restrictions that communities place on home-based businesses, and residential employment activities.
- Addresses possible impacts that home-based employment could have on regional problems associated with congestion, travel, public safety and emissions.
- Identifies municipal issues from a professional and technical perspective, with regard to home-based businesses and home-based employment activities.
- Assesses the positive and negative impacts of home-based employment.
- Assesses and develops a composite list based on input received from each of the incorporated cities and towns of Maricopa County.
- Analyzes existing municipal zoning ordinances; professional and technical input; community input; negative and positive impacts; and additional community concerns as identified throughout the process, in an effort to provide suggested recommendations for overseeing and governing home-based businesses and home-based employment activities.
- Develops a model ordinance for individual city and town governments, which may be adjusted to meet the needs of local municipalities in their efforts to accommodate modern home-based employment activities.

Through the process of addressing such items, the study culminates in the identification of comprehensive guidelines. Following Chapter 6, a model ordinance is included as an example on how to regulate home-based employment activities within community residential neighborhoods. Although it is realized that a "model" ordinance cannot adequately address the needs of every municipal concern with respect to regulating home-based employment, it can in fact create a basis for internal review and public discourse.

Considering the growing acceptance of home-based employment and working at home in today's society, many communities need to reassess their adopted policies with regard to this particular segment of the workforce. Many communities within Maricopa County, or the region comprising the member jurisdictions of the Maricopa Association of Governments (Hereafter also referred to as the MAG Region), currently maintain ordinances that are very restrictive toward home-based employment. In some instances, it is not uncommon to find existing regulatory language similar to wording utilized in municipal zoning ordinances from the 1950s. A common criticism of today's municipal regulations toward working at home centers upon the fact that existing language is based on "industrial era" zoning originating from nuisance control and the regulation of nonconforming uses, which is grossly outdated, and does not address the needs of today's modern workplace.

Municipalities should consider the positive aspects of individuals working at home, while still protecting neighborhood aesthetics and upholding the health, safety and welfare of citizens living within residential areas. Cities and Towns can create an environment whereby choosing to operate a "New Economy" business from a residence is not only an acceptable mode of operation, but is "promoted" as a positive economic development tool at the community level, and one which could enhance the overall quality of life for its citizens. In an attempt to create a positive business atmosphere for these types of individuals, communities should work to identify issues and to create ordinances that are multi-tiered and adapted to their initial concerns. Also, recognizing the importance of this emerging trend, communities should create a positive environment that assures their future operation and place within the community.

## **DEFINITION OF A HOME-BASED BUSINESS**

A home-based business is considered a business operated from home by a person or persons that is generating revenue by providing a good or a service. Home-based businesses are exclusively maintained and operated out of a primary residence in which the proprietor or proprietors also reside. Home-based businesses may be owned and operated by a sole resident proprietor, several resident proprietors, or consist of a resident family proprietorship arrangement. For purposes of this study, aside from characteristics that pertain to a home-based business, there will be ongoing references that are inclusive of telecommuters; workers that spend part of their day at home working but receive financial compensation from a primary employer elsewhere; and other forms of home-based employment activities.

## **HOME-BASED BUSINESS STUDY METHODOLOGY**

This study centers on home-based businesses and employment activities, and their potential impact on municipalities, as well as their role in today's *New Economy*. The study also addresses environmental and traffic issues, and provides an analysis of existing municipal processes throughout the MAG Region that are currently utilized to

regulate or control certain aspects of home-based businesses. It also recommends ordinance changes or provisions for home-based businesses that may be helpful to local municipalities.

Within the municipal regulatory process, home-based businesses and home occupations are terms that are often used interchangeably. Many communities address home-based businesses as home occupations, and actively enforce them through municipal zoning regulations and ordinances. This study addresses the concept of home occupations in subsequent chapters from the perspective of a “home-based business.” Also, references are made to telecommuting and the trends associated with telecommuting patterns. However, it is important to note that the process of telecommuting is much different than a person, or persons who are actively engaged in operating a home-based business out of their residence. While telecommuting is not the same as owning and operating a business, many observations will be made regarding telecommuting in an effort to address some of the environmental and transportation issues associated with this study.

## **RECENT REGIONAL STUDIES PERTAINING TO HOME-BASED EMPLOYMENT AND TELECOMMUTING**

This section provides an overview of recent studies and surveys that were conducted within the MAG Region over the past several years which address topics pertaining to working at home and telecommuting. Collectively, the following studies address work at home employment methodologies, and provide findings for various telecommuting surveys and studies. Work-at-home employment information and telecommuting surveys and studies are helpful in monitoring public perception and recent trends of individuals working at home.

The following items represent a composite list of recent studies and plans that were written over the last several years:

### **Maricopa Association of Governments GIS and Database Enhancement: Work at Home Employment Methodologies**

This 2000 study was conducted as a working paper in order to describe various methodologies that are utilized in an effort to project work-at-home employment at both the county and small area levels. Also, the paper provided an analysis of characteristics of people who work at home and the definitions of work at home employment, opposed to other types of telecommuting. It also details the methodologies for county-level and small area work-at-home projections based upon a regression analysis model, and describes an approach to maintaining the input data used in the work-at-home methodology. Although this study is technical in nature, it is a thorough attempt to define home-based employment, identify future home-based employment trends, and to identify employment

methodologies in an effort to produce estimates for the purpose of future analysis.

### **2000 Transportation Demand Management (TDM) Annual Survey**

The 2000 TDM Annual Survey was a telephone survey of adults in Maricopa County, conducted in partnership with the Regional Public Transportation Authority (RPTA), the Maricopa Association of Governments (MAG), Maricopa County, and the Cities of Tempe and Scottsdale. This survey assessed public opinion, participation in, and reaction to the Trip Reduction, Regional Rideshare and Clean Air Programs for the RPTA. The study highlighted perceptions to metropolitan air pollution, the Clean Air Campaign, commuting behaviors, employer incentives, bicycling behavior, and also provided sample characteristics of demographics and travel times to and from work. The 2000 TDM Survey concluded that residents of the Greater Phoenix metropolitan area were very concerned about air quality and transit issues. Survey patterns demonstrated a trend toward an increased number of individuals that were utilizing alternative modes of transportation, and that were also telecommuting on a more consistent basis. The survey provides better insight into trip reduction efforts and the tendency for individuals to spend more time telecommuting from home in an effort to be more productive.

### **1999 Regional Public Transportation Authority (RPTA) Telecommuting Community Leader Report**

The purpose of this study was to obtain an overall perspective from various business leaders concerning the future of telecommuting in the Greater Phoenix labor force. This study addressed specific items pertaining to issue identification, the formation of organizational plans for telecommuting, performance measurement, attitudes toward telecommuting, advantages and disadvantages of telecommuting, public perception, the role of government and an analysis of future trends. The majority of local business leaders in the Phoenix metropolitan region concluded that telecommuting will play a much larger role in the future workforce; whereas a smaller remnant of those surveyed believed that growth in telecommuting would occur, but that it would be limited.

### **1999 Regional Public Transportation Authority (RPTA) Employer Telecommuting Study**

This study involved a telephone survey of 410 Employers within the metropolitan Phoenix area concerning telecommuting. The purpose of the survey was to measure awareness, attitudes and current business practices among local employers regarding telecommuting as a work option. The study addressed a number of important issues encountered by area businesses; addressed the overall awareness and status of telecommuting; provided an overview of organizations that were supportive of telecommuting; and also provided an

analysis of organizations that were not supportive of telecommuting, or that did not have an active telecommuting policy. This portion of the RPTA's 1999 study tabulates the compiled results of employer responses as they relate to the identified issues.

### **1999 Regional Public Transportation Authority (RPTA) Employee Telecommuting Study**

This portion of RPTA's 1999 study involves a telephone survey of 400 residents that reside within the metropolitan Phoenix area regarding issues pertaining to telecommuting. The purpose of this study was to measure public awareness over telecommuting; assess the attitudes of employees and employers toward the concept of telecommuting; and to also provide an overview of various perspectives and characteristics. The study tabulates the compiled results of employee responses as they relate to these identified issues.

## **DESCRIPTION OF THE STUDY AREA**

The Study Area for purposes of this study will be inclusive of all lands and political jurisdictions located within the county. At present, the MAG Region consists of the county government, 25 cities and towns, and 2 Native American Communities, which collectively, represent a total of 27 political jurisdictions. The governmental entities that comprise the MAG Region consist of the Cities of Apache Junction, Avondale, Chandler, El Mirage, Glendale, Goodyear, Litchfield Park, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe, and Tolleson; the Towns of Buckeye, Carefree, Cave Creek, Fountain Hills, Gila Bend, Gilbert, Guadalupe, Paradise Valley, Queen Creek, Wickenburg and Youngtown; Maricopa County; Gila River, and Salt River Pima-Maricopa Indian Communities.

## **REGIONAL OVERVIEW**

Maricopa County is geographically situated in the south-central interior region of the State of Arizona, and contains a total of 9,223 square miles of area. The county is ranked the 5th largest in total size out of 15 counties that are located within Arizona, and comprises approximately 8.1 percent of Arizona's total land area. Maricopa County is bordered to the north by Yavapai County, to the west by La Paz and Yuma Counties, to the south by Pima and Pinal Counties, and to the east by Gila and Pinal Counties.

According to year 2000 data compiled by the Maricopa Association of Governments, approximately 29 percent of all county lands were under private ownership; 28 percent of lands were under the direct ownership of the Bureau of Land Management; 14 percent of lands were under the jurisdiction of the U.S. Military; 11 percent was held within State trust; 11 percent of lands were under the direct ownership of the U.S Forest Service; 5 percent of land was comprised of Native American Communities, and the

remaining 2 percent of lands in the county were classified as “other” public lands. When considering the type of land use within Maricopa County, approximately 58 percent of all lands were categorized as Agricultural/Vacant, 33 percent were open space, 5 percent were residential, and the remaining 4 percent of lands were classified as “other.”

**TABLE 1**

<b>MARICOPA COUNTY POPULATION CHANGE 1990-2000</b>			
<b>JURISDICTION</b>	<b>1990 POPULATION</b>	<b>2000 POPULATION</b>	<b>TOTAL % POPULATION CHANGE 1990-2000</b>
City of Avondale	16,169	35,883	121.9
Town of Buckeye	5,038	6,537	29.8
Town of Carefree	1,666	2,927	75.7
Town of Cave Creek	2,925	3,728	27.5
City of Chandler	90,533	176,581	95.0
City of El Mirage	5,001	7,609	52.1
Town of Fountain Hills	10,030	20,235	101.7
Town of Gila Bend	1,747	1,980	13.3
Town of Gilbert	29,188	109,697	275.8
City of Glendale	148,134	218,812	47.7
City of Goodyear	6,258	18,911	202.2
Town of Guadalupe	5,458	5,228	-4.2
City of Litchfield Park	3,303	3,810	15.3
City of Mesa	288,091	396,375	37.6
Town of Paradise Valley	11,671	13,664	17.1
City of Peoria	50,618	108,364	114.1
City of Phoenix	983,403	1,321,045	34.3
Town of Queen Creek	2,667	4,316	61.8
City of Scottsdale	130,069	202,705	55.8
City of Surprise	7,122	30,848	333.1
City of Tempe	141,865	158,625	11.8
City of Tolleson	4,434	4,974	12.2
Town of Wickenburg	4,515	5,082	12.6
Town of Youngtown	2,542	3,010	18.4
Maricopa County (Unincorporated)	162,127	211,203	30.3
<b>TOTAL</b>	<b>2,122,101</b>	<b>3,072,149</b>	<b>44.8</b>

U.S. Census Bureau

Table 1 displays the regional population base by jurisdiction and compares the overall changes in population between the years of 1990 and 2000. According to the U.S. Census Bureau, in 1990 Maricopa County contained a total population of 2,122,101 people, and had grown to 3,072,149 people by 2000.

The county's overall population density over the decade of the 1990s increased from approximately 230 people per square mile in 1990, to a total of 324 people per square mile in 2000. According to projected calculations, Maricopa County is expected to maintain a high-growth population scenario, and it is anticipated that the total population of the county will be over six million people by the year 2040, if not sooner.

With an increasing population base, there will be continued levels of demand on the Phoenix metropolitan area's transportation network, thus resulting in an increasing level of traffic congestion. When considering some of the forthcoming population issues and transportation constraints, in addition to accessible and increasing levels of technology, there will more than likely be an increase in the number of individuals that either commute to work, or that venture into some type of home-based business. This issue will be further addressed in the following chapter.

## **OVERVIEW OF THE STUDY**

This study addresses a variety of issues and subject matters directly pertaining to the home-based business sector of the economy, and also provides recommendations and guidelines for home-based businesses within the region. The remainder of the document consists of the following chapters:

### **Chapter Two: Emerging Trends in Home-Based Businesses and Entrepreneurship**

This chapter identifies the emerging trends and potential future growth of home-based businesses within residential neighborhoods. The following items within Chapter Two are addressed: a history of home-based businesses; accessible technology and the home-based entrepreneur; the growth of home-based businesses in the United States and the MAG Region; characteristics of home-based businesses; the relationship of home-based businesses to Arizona's New Economy; economic impacts of home-based businesses on local economies; and future trends in home-based businesses.



### **Chapter Three: An Analysis of Existing Municipal Home-Based Business Zoning Regulations and Ordinances in the MAG Region**

This chapter provides for an inventory and analysis of existing zoning ordinances, and home occupation and home-based business ordinances at the municipal level for communities located throughout the MAG Region. This chapter also addresses the subject of Homeowner's Associations that are located throughout the MAG Region, and their potential effects upon the operation of home-based businesses.

### **Chapter Four: Potential Impacts of Home-Based Businesses on Regional Travel and Congestion Issues**

Chapter Four addresses traffic congestion, potential impacts of home-based employment on Vehicle Miles of Travel (VMT), and public safety issues. The chapter looks at the potential impact of home-based businesses on regional transportation and provides an analysis of trip reductions.

### **Chapter Five: Potential Impacts of Home-Based Businesses on Local Governments**

This chapter examines the potential impacts that the home-based business sector of the economy has on communities at the local level. The following items in Chapter Five are addressed: the future of home-based employment within the MAG Region; the purpose and process of the MAG Community Home-Based Business Survey; public input and the identification of issues associated with home-based businesses; positive and negative impacts of home-based businesses; effects of home-based businesses on local utilities and services; local traffic congestion and parking; and a summary of overlying concerns.

### **Chapter Six: Recommendations and Guidelines for Home-Based Businesses**

Chapter Six contains a number of recommendations and guidelines for municipalities within the MAG Region. This chapter provides recommended provisions for the identified municipal issues and concerns, and also contains a model home-based business ordinance for the purposes of municipal use and consideration. The model ordinance at the end of the document not only responds to municipal concerns, but is also designed to contribute to the growth and development of the home-based business sector of the *New Economy*, while maintaining neighborhood aesthetics and not compromising the residential character of a community.

# **CHAPTER TWO**

## **EMERGING TRENDS IN HOME-BASED BUSINESSES AND ENTREPRENEURSHIP**

The purpose of this chapter is to address home-based employment and home-based businesses, their role and increasing relevance within today's *New Economy*, and to provide an overview of their potential future impact throughout the MAG Region. This chapter begins with a brief overview of the evolution of home-based employment and businesses; provide an overview of the new economy and the types of employees that comprise the new economy workforce; and addresses relevant national trends and local demographic and economic impacts that could potentially be utilized to derive future trends for this particular segment of the local labor force.

### **A HISTORY OF WORKING AT HOME AND HOME-BASED BUSINESSES**

The integration of work and home can be traced back to the inception of early human settlements, and throughout various stages of preindustrial urbanization. However, home-based employment gained prominence in the 19<sup>th</sup> Century during the era of the industrial revolution. Many merchant manufacturers were able to avoid costly production overheads and competition against established trade unions by hiring out work to farm families and artisan households. Most of the work done at home during the days of the industrial revolution involved labor-intensive manufacturing, which utilized such technical advances as the loom, the sewing machine and the spinning wheel. Women who were unable to work outside of the home due to family and household responsibilities did much of the home-based work during this era. As the industrial age progressed, there was a movement toward the construction of large factories for mass production purposes. Despite the emergence of factories, home-based employment opportunities continued into the 1900s, as many of the companies continued to contract manufacturing work out to employees. Although companies that contracted work out to individuals were somewhat limited, various forms of contracting occurred throughout the early to mid 1900s.

However, as we entered into the early stages of the information age during the 1970s and 1980s, the overall nature of the work associated with the home-based business sector had changed rather substantially. In 1973, the phrase "telecommuting" was introduced as a response to the Middle East oil embargo. The idea of having more freedom, independence and being able to utilize more creativity were presented to

many workers who had responsibilities at home, and to the worker who was basically tired of commuting to work on a daily basis. Working from home during the 1970s started to become a viable option, as employees utilizing the telephone and other types of company resources began to take advantage of telecommuting.

Telecommuting and the emergence of individual entrepreneurship continued into the 1980s and gained momentum throughout the decade of the 1990s. Today, there is an increasing trend among individuals that are viewing home-based employment as a serious alternative to a conventional 40-hour workweek. Modern technology is providing people with choices for living and working, and creating extensive opportunities for personal entrepreneurialism via home-based employment.

## **AN OVERVIEW OF THE *NEW ECONOMY***

The *New Economy* represents another wave in successive economic eras that can be traced back to America's inception. The United States as a nation originated during a time when the economy was structured upon an agrarian model. During the 19<sup>th</sup> Century, the economy once again experienced a period of change with the advent of the Industrial Revolution, and was followed by a subsequent era of mass-production manufacturing. The industrial era was based upon low cost and quantity production, and was generally prevalent up until the late 1980s. However, uses in modern technology over the decade of the 1990s have resulted in the emergence of a global economy and fundamental differences in the methods of conducting business.

Due to the fact that we as a nation are still engulfed in a relatively new "information age," there are many competing factions that are still attempting to define today's economy, and whether or not we are actually in an era of what many consider to be the *New Economy*. Although there are many different debates and issues, there are commonly agreed upon trends, recognizable patterns, and ways of utilizing modern technology in conducting business activities that many economists and academics agree upon as constituting today's new, emerging economy.

From a broader perspective, the new economy's corporations and businesses operate completely different than the industrial era (pre-1990) businesses of the past. Businesses and corporations in the industrial era relied upon natural and physical resources, whereas businesses in the era of today's new economy specifically rely upon information and technology.

Therefore, when considering many of these commonly accepted ideas, issues and definitions, the new economy is essentially a knowledge and idea-based economy where the keys to wealth and job creation are the extent to which ideas, innovation and technology are imbedded in all sectors of the economy. The new economy is about revolutionary technological advances, high-speed telecommunications, and the Internet.

The advent of the information age and the growth of the new economy have changed the ways that many cities and regions maintain a competitive advantage. The new economy has caused many regions to focus on maintaining a competitive advantage by mobilizing the best labor force, resources and capabilities that are required to transform new innovations into new business ideas and marketable products. This “competitive advantage” in the new economy has been shifted to regions and communities that can retain, generate and attract the most talented labor pool. As business and industry’s needs for higher labor skills and “knowledge” workers increases, it is more than likely to seek out locations that offer higher amenity levels for the new economy worker.

According to numerous sources, some of the primary features of today’s new economy include the following observations: products are becoming “weightless” (production and business outputs are becoming more knowledge-based and service-oriented); overall productivity in business is increasing; the world is becoming smaller through the vast increases in communications technology; markets are becoming more dynamic; organizations and production procedures are becoming more flexible; the skill requirements are changing, and there is a demand for knowledge-based employees; and entrepreneurs are spurring growth and will continue to do so as technology advances.

## **ARIZONA AND THE NEW ECONOMY**

In an attempt to remain on the “cutting edge” of technological advances and to ensure the State of Arizona’s economic competitiveness in the future, during her administration, Governor Jane Hull formed the Arizona Partnership for a New Economy (APNE). In coordination with the Arizona State University’s Morrison Institute for Public Policy and Collaborative Economics of California, several documents were produced in an effort to describe the New Economy and it’s meaning for the State of Arizona. In 1999, Arizona State University’s Morrison Institute for Public Policy published a document entitled *The New Economy: A Guide for Arizona*, which identified 8 characteristics of today’s new economy. These characteristics included the following items: technology is a given, globalism will remain, knowledge builds wealth, people are the most important raw material, competition is constant, competition is relentless, alliances are the way to get things done, and that place still matters, but for different reasons.<sup>1</sup> This document was summarized by a number of policy choices for consideration. The primary themes of the study included the following:

- The new economy just isn’t about one thing. It’s the result of many forces coming together, including global markets, technological advances, increasing competition, and other forces or items that can create more opportunities and productivity for businesses.

- The new economy is based on a broad foundation of businesses and workers who have learned to work more efficiently, knowing how to take advantage of technology and networks.
- The competitive advantage of a specific place now depends more on the quality of that place and on the quality of the people that live there. The combination of culture, recreation, amenities and lifestyle that will attract and retain the skilled workers that the economy requires.
- No one can afford to ignore the new economy. Businesses are becoming part of the new economy regardless of what they buy or sell. Students have to understand the skills and knowledge that they will need to thrive, and educators and parents must look beyond their own experiences to guide today's students. Public policy makers and civic leaders must understand what makes an area prosperous, and that the strategies for fostering economic growth are changing.<sup>2</sup>

Although the Governor's partnership and the findings of these analyses have more to do with positioning Arizona's economy to be competitive in the future, the focus is on modern technology and how it will transcend all facets of society and the economy. It is anticipated that technology in the new economy will continue to have a substantial impact on corporate America, home-based employment, and on the rise of individual business startups.

## **THE EMERGENCE OF THE NEW ECONOMY KNOWLEDGE WORKER**

One of the more pronounced issues affiliated with the new economy, especially in the United States, is the emergence of the "portfolio" or "knowledge" worker, who relies less on a physical presence in a primary office space. Knowledge workers are individuals that utilize information technology on a daily basis, and maintain advanced skills and are active in the research and processing of various forms of information. These individuals are generally valuable assets to corporations and require very limited supervision. They are independent, and can work in satellite environments or out of a primary residence.<sup>3</sup>

Many of today's businesses employ "knowledge-based" employees that know how to use the latest technology to acquire and apply information, and that have access to the networks that link people and information together. The employment of knowledge workers in the new economy signifies a shift towards using information and knowledge to enhance processes and products.

Increases in technology have produced an environment where work has become more flexible. The emergence of knowledge workers and an increase in the number of individuals that are utilizing technology to create self-employment opportunities are

certainly “trademarks” of the new economy. Technology has allowed for the transformation of ways in which business is conducted; has had a substantial impact on traditional work hours and the need to be in a central office; and has also fostered a new era of personal entrepreneurship, thus placing a new level of importance on the home-based business sector of the economy.

## **ACCESSIBLE TECHNOLOGY AND THE HOME-BASED ENTREPRENEUR**

The new economy provides today’s home-based business owners and employees with an option to remain within a home environment. This is primarily due to the widespread availability of inexpensive technology. As a result of the latest technological advances, the location of where an individual works or conducts business is becoming less relevant. In today’s economy, it may not be necessary for a person to actually leave their residence in order to have a successful firm, or to conduct a successful business operation.

Many people who are seeking to work within their primary residence are able to set up a home-based business operation and create an environment that is just as professional as one found in a typical corporate location. If set up properly, the average home-based business can function at a high rate of efficiency, and can often duplicate or rival the type of working space that is provided within a conventional office building. Easy accessibility to desk and laptop computers, printers, the Internet, fax machines, cell phones, pagers, and multiple phone lines has allowed for an increase in the number of entrepreneurs that have decided to conduct a business from home.

Studies suggest that home-based businesses can be set up within a personal residence without an individual having to spend a substantial amount of money. According to the U.S. Small Business Administration, approximately 44 percent of all home-based businesses required less than \$5,000 for the start-up of initial operations.<sup>4</sup> Depending upon the type of business, beginning entrepreneurs are often faced with expenditures related to computer, telecommunication, and office supply purchases. There are also responsibilities for marketing the provided service or business and expanding a clientele base. Another trend in today’s *New Economy* is the emergence of “E-Commerce,” which allows many smaller companies with the ability to advertise and sell products and services over the Internet by creating a Web page for display purposes. These sites are relatively inexpensive to create, and there are many small home-based businesses that are utilizing Web pages in an effort to expand product lines and services.

Recent national studies and statistical analyses have suggested that the number of home-based businesses will continue to increase and become a viable component of the overall economy. With the availability of accessible technology and the growing number of individuals who are choosing to go into business for themselves and stay at home for a variety of reasons, it is anticipated that this trend in home-based employment and personal entrepreneurial opportunities will continue to increase in the

future. The following section addresses several emerging trends in home-based employment and the growth of home-based businesses.

## **CHARACTERISTICS AND THE GROWTH OF HOME-BASED EMPLOYMENT AND HOME-BASED BUSINESSES**

When addressing the issue of working at home and home-based businesses, there are currently various forms of data collection and statistical compilations that are utilized in an effort to measure and obtain information on this particular sector of the economy. The tracking of working at home and home-based businesses range from statistical compilations and inferences provided by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics; numerous surveys utilized by various federal government agencies; and to a variety of local, regional, state and national reports and surveys tabulated by a number of private firms located throughout the United States. However, regardless of the source, all studies have shown a considerable level of growth in home-based employment and business activities since 1990.

According to the U.S. Census Bureau, in 1990 there were a total of 3.4 million workers who worked at home in the United States. Of this total, over 1.8 million, or 53.7 percent were self employed, home-based business owners.<sup>5</sup> The U.S. Census Bureau later released a report entitled *1992 Characteristics of Business Owners*, which found that approximately 14 million of 17 million (82 percent) small businesses in the United States were owner-operated and did not have any paid employees.<sup>6</sup>

Another significant finding at a national level (See Table 3) was released in the late 1990s by the U.S. Department of Labor, Bureau of Labor Statistics, which found that over 21 million people completed some aspect of work at home as part of their primary job as of May 1997.<sup>7</sup> This report contained a number of significant findings that offered some insight into home-based employment in the United States. According to this analysis, some of the more relevant points are as follows:

- Almost 9 out of 10 workers conducting paid work at home were in white-collar positions.
- More than 4.1 million self-employed persons were working within a home-based business.
- About 6 in 10 persons working at home utilized a computer.
- On average, wage and salary workers who were paid at home averaged 15 hours of work at home each week; those who were not paid, but who brought work home averaged 9 hours of work each week; and workers in home-based businesses averaged 23 hours of work per week.

Table 2 is based upon national statistics obtained from the U.S. Department of Labor, Bureau of Labor Statistics, and displays labor force statistics from the Current Population Survey. This information is part of a monthly survey of 50,000 households that monitors certain aspects of the nation's labor force. The Current Population Survey provides insight into the number of individuals that either worked at home as part of their primary jobs, or that were self-employed and operated a home-based business from their primary place of residence. According to these statistics, in May of 1997 there were a total of 21.5 million people that were reported as having worked at home for a certain number of hours within each workweek. Of this overall number of people that were reported as having worked at home, approximately 4.1 million, or 19.2 percent of the total, worked at home within a personal home-based business. Although this statistic is much lower than numbers supported by estimates and other survey information, it represents a formal U.S. government survey and can be utilized for providing an acceptable "point of reference."

The information on Table 2 categorizes totals for individuals within the labor force that work at home as part of a primary job, and that are operating a home-based business by occupation and industry. As displayed, occupations are categorized into managerial and professional specialties; technical, sales and administrative support; service occupations; precision production, craft and repair; and operators, fabricators and laborers. The tabulated industrial information follows standard SIC (Standard Industrial Classifications) categorizations that are utilized by the U.S. Census Bureau, and are divided into the following, major economic sectors: mining; construction; manufacturing; transportation and public utilities; wholesale trade; retail trade; finance, insurance and real estate; services; and public administration.

Another interesting finding of significance resulted from a study which was prepared by Janice Pratt for the U.S. Small Business Administration, Office of Advocacy. This study, entitled *Homebased Business: the Hidden Economy*, analyzed the home-based business sector and the industry's overall contributions to the national economy. The study concluded that an overall average of 53.5 percent of all sole proprietorships, partnerships and S corporations are operated from primary residences, and contributed approximately \$314 billion to the national economy in 1992. This figure represented 5 percent of the total \$6.4 trillion in contributions made by smaller firms that employed fewer than 500 people. In accordance with this study, the majority of service and construction businesses throughout the country had a tendency to be home-based businesses. This study also suggested that approximately 50 percent of all sole proprietorships, partnerships and S corporations within the State of Arizona were operated out of a home environment. The overall analysis of the study focused upon the compilation of relevant national statistical data and survey information that was obtained from a total of 125,000 business owners throughout the United States.<sup>8</sup>

**TABLE 2**

**NATIONAL LABOR STATISTICS FOR WORK AT HOME  
Home-Based Employees and Home-Based Businesses  
By Occupation and Industry  
May, 1997**

BY OCCUPATION	TOTAL WORK AT HOME		HOME-BASED BUSINESSES	
	Total Workers (000's)	Total %	Total Owners (000's)	Total %
Managerial and Professional Specialty	13,120	61.1	1,714	41.6
Technical, Sales and Administrative Support	5,457	25.4	1,016	24.6
Service Occupations	1,250	5.8	616	14.9
Precision Production, Craft and Repair	1,145	5.3	564	13.7
Operators, Fabricators and Laborers	506	2.4	215	5.2
<b>TOTAL</b>	<b>21,478</b>	<b>100.0</b>	<b>4,125</b>	<b>100.0</b>

BY INDUSTRY	TOTAL WORK AT HOME		HOME-BASED BUSINESSES	
	Total Workers (000's)	Total %	Total Owners (000's)	Total %
Mining	73	0.3	0	0.0
Construction	1,330	6.2	726	17.7
Manufacturing	2,318	10.8	193	4.7
Transportation and Public Utilities	963	4.5	132	3.2
Wholesale Trade	1,202	5.6	185	4.5
Retail Trade	1,964	9.1	532	12.9
Finance, Insurance, and Real Estate	2,008	9.4	291	7.1
Services	10,954	51.0	2,054	49.9
Public Administration	666	3.1	0	0.0
<b>TOTAL</b>	<b>21,478</b>	<b>100.0</b>	<b>4,113*</b>	<b>100.0</b>

Source: U.S. Department of Labor, Bureau of Labor Statistics. \*- Does not include residual amount calculated within the Mining and Public Administration Sectors

Aside from these figures produced by the U.S. Census Bureau and the U.S. Department of Labor, and the analysis referenced above, there are a number of additional studies, projections, estimates and statistical analyses that have been conducted at various geographic levels in an effort to gain insight into home-based business statistics. The majority of this information has been generated through the use of surveys conducted by private consulting firms as part of targeted studies for communities, states and regions for a variety of purposes. However, these studies have displayed a common theme. With the advent of inexpensive technology that is available to the general public, there has been a noticeable, overall increase in entrepreneurship and a measurable surge in E-Commerce activities as more people are starting businesses from their primary places of residence. As of February 2001, the American Association of Home-Based Businesses (AAHBB), which is a non-profit organization supporting home-based business throughout the United States, has claimed that there were a total of approximately 24 million Americans that were operating some form of small business activity or home-based business operation from their primary residence.<sup>9</sup>

## **RECENT TRENDS IN THE MAG REGION FOR HOME-BASED BUSINESSES AND HOME-BASED EMPLOYMENT**

Although there are many documented findings and studies to support national trends in the increase of home-based businesses, current information pertaining to such activities within the MAG Region has not been centrally compiled, and simply does not exist at this time. Recent figures pertaining to home-based employment figures are also lacking. In an effort to overcome unavailable data for this type of information, it is not uncommon for municipalities and economic development corporations or foundations that are located throughout the country to conduct special surveys to obtain home-based business statistics. However, at this time, there have not been any “significant” municipal or regional surveys that would provide insight into the operation of home-based businesses for communities located throughout the MAG Region.

Considering the fact that the State of Arizona increased in population by 40.0 percent in between 1990 and 2000 to a total population of 5.1 million people, and is the second fastest growing state in the nation, it is plausible to infer that many of the national trends in home-based businesses are also applicable to the MAG Region. Other observable trends for home-based businesses include a review of recent surveys, municipal business patterns, and observable changes in the economy and population of the region.

As stated in Chapter One of this document, in 1999 the Regional Public Transportation Authority (RTPA) conducted a random telecommuting survey (at a 95 percent confidence level, +/- 4.5) and found that nine percent of the employed workforce telecommuted from their jobs on a regular basis, and were actively involved in working from their primary residence. Even though this figure does not represent home-based business owners, it certainly displays a sizeable number of people within the MAG Region that are actively involved in an ongoing form of home-based employment.

In addition to inferences that can be made from the survey, another way to obtain an element of insight is to assess the number of business permits or licenses, sales tax licenses, and home occupation permits that are issued on an annual basis. Although much of this information is not directly attributable to home-based businesses in particular, it does have a tendency to display business growth patterns over a period of time. Aside from these indicators, other observable items include recent trends in the region's overall economy, and projected levels of growth.

## **THE PRESENT ECONOMY OF THE MAG REGION**

The greater urbanized area of the MAG Region is relatively a newer economy in comparison with other metropolitan regions located throughout the country. The State of Arizona and the MAG Region's overall economy has been transformed over the last 50 years from an economy that relied primarily upon agriculture, tourism and mining activities to a multi-faceted economy that contains a strong base consisting of high tech, information and manufacturing industries. Business, personal and health services, and wholesale and retail trade dominate the metropolitan Phoenix area. Tourism also continues to enhance employment within the service and trade sectors of the region's economy, and brings in millions of dollars to the region on an annual basis.<sup>10</sup>

As displayed in Table 3, the total Maricopa County Civilian Labor Force increased by 11.5 percent between the years of 1995 and 2000. In 2000, Maricopa County was comprised of a total civilian labor force of approximately 1,503,500, and contained a reported average unemployment rate of 2.6 percent. The primary employment sectors for the county in 2000 consisted of services and wholesale and retail trade. According to the Arizona Department of Economic Security, approximately 512,000, or 33.2 percent of the county's total civilian labor force was employed within the service sector. Whereas 366,400, or 23.7 percent of the county's total nonagricultural labor force was employed within the wholesale and retail trade sector of the economy.

However, the most notable trend within the region over the five-year period of 1995 to 2000 was an increasing expansion of the service sector of the economy. As displayed in Table 3, this particular sector of the economy increased by approximately 42.1 percent in the total number of employees between 1995 and 2000. Also, according to the U.S. Census Bureau, Economic Census, the total number of service-based establishments increased from 18,640 in 1992 to a total of 29,163 in 1997, which represents a 56.4 percent increase over a five-year period for the Greater Phoenix metropolitan area.

As displayed in Table 2, at a national level, approximately 50 percent of all home-based business establishments are within the service sector of the economy. This figure was further substantiated by the Small Business Administration's home-based business study conducted by Janice Pratt, which estimated that approximately 50 percent of all small businesses within the State of Arizona were home-based ventures. Based upon these observations, it is reasonable to assume that a significant portion of the total

**TABLE 3**

<b>MARICOPA COUNTY LABOR FORCE AND EMPLOYMENT AVERAGES 1995-2000</b>					
<b>LABOR FORCE TOTALS</b>	<b>1995</b>		<b>2000</b>		<b>% CHANGE 1995-2000</b>
<b>Total Civilian Labor Force</b>	1,348,000		1,503,500		11.5
<b>Total Unemployment</b>	46,000		39,600		-13.9
<b>Unemployment Rate</b>	3.4%		2.6%		-0.8%
<b>Total Employment</b>	1,302,400		1,463,900		12.4
<b>TOTAL NONAGRICULTURAL EMPLOYMENT BY PLACE OF WORK</b>					
<b>BY INDUSTRY</b>	<b>1995</b>		<b>2000</b>		<b>% CHANGE 1995-2000 (Total Workers)</b>
	<b>Total Workers</b>	<b>Total %</b>	<b>Total Workers</b>	<b>Total %</b>	
<b>Mining</b>	1,000	0.0	1,200	0.0	20.0
<b>Construction</b>	83,500	7.0	117,900	7.6	41.2
<b>Manufacturing</b>	144,900	12.2	162,200	10.5	11.9
<b>Transportation, Communications and Public Utilities</b>	60,900	5.2	83,300	5.4	36.8
<b>Wholesale and Retail Trade</b>	298,300	25.1	366,400	23.7	22.8
<b>Finance, Insurance, and Real Estate</b>	87,000	7.3	119,800	7.8	37.7
<b>Services</b>	360,300	30.3	512,000	33.2	42.1
<b>Government</b>	152,900	12.9	181,900	11.8	19.0
<b>TOTAL</b>		100.0		100.0	

Source: Arizona Department of Economic Security, Research Administration

employment growth in metropolitan Phoenix and throughout the MAG Region has consisted of home-based business startups.

## **RECENT REGIONAL GROWTH TRENDS**

As displayed in Table 1 within the previous Chapter, the population of the MAG Region increased by approximately 45 percent between the years of 1990 and 2000. According to the U.S. Census Bureau, the population of Maricopa County in 2000 was about 3.1 million people. Recent projections indicate that population growth in the MAG region will reach a level of approximately 4.5 million people by 2020, and grow to a total of over six million by 2040. This growth will be accommodated by an increase in economic activity that will consist of a large percentage of service-sector related employment. It is anticipated that the increases in population will continue to stimulate economic expansion and result in a larger number of individuals who opt for some aspect of home-based employment. In addition to the element of individuals who will be telecommuting and working at home, there will also be a growing contingency of people that will choose to operate home-based businesses out of their primary place of residence. Such increases will substantiate necessary municipal policy to accommodate the home-based employee.

## **ECONOMIC IMPACTS OF HOME-BASED BUSINESSES ON LOCAL ECONOMIES**

Although the availability of detailed home-based statistical data to measure impacts that a home-based business has on a local economy is not readily available, surveys have been conducted which measure their impact at a national level. As referenced earlier, in 1992 the Small Business Administration estimated that home-based businesses contributed over 300 billion dollars in overall revenue to the economy. Another interesting finding of the Small Business Administration was the fact that in 1992 the average annual receipts of all home based businesses was between 40 and 50 thousand dollars.

However, obtaining the levels of revenue and other fiscal measurements of home-based businesses at the local level is difficult to obtain. Although it may be possible to take the national average (\$40,000 - \$50,000) from the conducted survey and provide comparisons to the region in an effort to display their impact on the Greater Phoenix metropolitan area, exact information on the number and location of such home-based business ventures is not specifically known.

When considering the increasing levels of population and economic activity that are anticipated to occur in the future, it is certain that the home-based business sector will result in various types of financial impacts or benefit to a municipality. This could be measured in taxes through sales, direct and indirect job creation, circulated money throughout the community, or by assessing the economic impacts of home-based businesses through the use of direct, indirect or induced multiplier effects. However,

such studies have not been completed to date, and the direct measurable impacts are still unknown at this time.

## **SUMMARY: FUTURE TRENDS IN HOME-BASED BUSINESSES**

When observing trends affiliated with increases in home-based employment and home-based businesses over the decade of the 1990s, it is evident that communication and technological innovations are providing people with increased options to work from home. An observable trend in the operation of home-based businesses and home-based employment displays an increase in the number of “white collar” occupations that are operating out of the home. Such workers are associated with the service sector, and represent “knowledge based” employees that are indicative of the *New Economy* movement. This trend represents an economic shift away from the traditional “blue collar” home occupations of the past.

Traditionally, blue collar and nuisance-related home occupations were regulated due to factors that jeopardized the ambience and aesthetics of typical community neighborhoods. While such enforcements should be in place, evidence suggests that in today’s economy, the average home occupation is essentially becoming a service sector venture that typically does not violate local performance standards or create a nuisance for local neighbors. Also, individuals that are opting to telecommute or work at home during a portion of each workweek are increasingly affiliated with the service sector of the economy. This shift from industrial-related home occupations and home-based employment to the service sector of the economy represents a different age in which we live. From a municipal regulatory perspective, this creates a series of concerns and challenges that must be addressed in order to identify better solutions to accommodate this new type of home-based worker, whose home-based employment activities basically never violate standards associated with preserving the general health, safety and welfare of citizens that reside within residential neighborhoods. Nor do such occupations jeopardize the residential or aesthetic character of a traditional community neighborhood.

When addressing some of the trends affiliated with home-based employment throughout the United States, statistical analyses and surveys suggest that this particular segment of the economy will continue to increase with the rapid proliferation and availability of technology over time. Although there is a lack of “specific” statistical data that is available within Maricopa County to quantifiably track the nature of home-based businesses and home-based employees, there are a number of observable trends in population, technology, and economic activity to suggest that home-based employment and personal entrepreneurship will continue to increase in the future. The MAG Region will continue to experience economic growth, increasing population levels, and is in essence becoming an expanding metropolis that is at the forefront of the new economy movement. It is certain that these observable trends will continue to produce a growing number of individuals working out of their primary residence or starting new

home-based businesses, and will continue to provide people with more options in an effort to integrate both work and home activities.

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# **CHAPTER THREE**

## **AN ANALYSIS OF EXISTING MUNICIPAL HOME-BASED BUSINESS ZONING REGULATIONS AND ORDINANCES WITHIN MARICOPA COUNTY**

The purpose of this chapter is to address the definitional similarities and differences associated with home-based businesses and working at home within the MAG Region, and to provide an inventory and analysis of existing zoning ordinances and regulatory provisions for home-based employment at the municipal level. This chapter also addresses the subject of Homeowners Associations that are located throughout the MAG Region, and their potential effects upon the operation of home-based businesses and working at home. An analysis of existing ordinance provisions and enforcement issues that are currently utilized by municipalities within the county offers a better understanding of a community's perception, or level of overall tolerance toward individuals who desire to work from home, or conduct a business operation from their primary residence.

In general, from a municipal regulatory and enforcement perspective, home-based businesses have the same meaning and intent as a "Home Occupation." Also, there are many definitions that are currently used to define the various types of home-based employment activities. This chapter also provides further clarification on these items. The following sections of the chapter provide a description of definitions and terms; provide an overview of individual municipal regulations within the MAG Region regarding home-based employment and working at home; and address the nature of homeowners associations in regard to potential restrictions on home-based businesses and working at home.

### **SIMILARITIES BETWEEN HOME-BASED BUSINESSES AND HOME OCCUPATIONS**

Throughout the United States, home-based businesses are generally referred to as "Home Occupations" and are regulated by local municipal governments through the adoption and enforcement of local ordinances. In areas where municipal ordinances are not enforced, the responsibility often lies with the county government. Home occupations are subject to various key provisions as defined in local zoning ordinances, home occupation ordinances, and where applicable, to home-based business ordinances. Although the meaning, intent and definition of a home occupation may

differ by municipality, allowable home occupations often have commonly defined characteristics.

A home occupation is essentially a home-based business, owned and operated by the resident, which is an accessory use of the primary residential unit. As a composite definition utilized by many municipalities, a home occupation is also an incidental and secondary use of the residential dwelling unit, and its operation does not alter the exterior of the property or adversely affect the residential character of the neighborhood. This is the definition of a home occupation in its most common form. However, the reality of what constitutes a home occupation is established and determined by the local municipality. Many communities place additional requirements, or restrictions on home occupations that may address issues such as off-street parking, signs, hours of operation, noise and disturbances, outside storage, use of utilities, and any other additional items that may be of concern to residential neighborhoods.

Home occupations have a tendency to be affiliated with existing municipal zoning regulation and the requirements of a municipal regulatory process. Whereas the concept and ideology behind the term “home-based business” is quickly becoming an attributable and vital component of the latest technology movement affiliated with the *New Economy*. Although home occupations and home-based businesses are terms that are often used interchangeably, for purposes of this study the focus will be upon the role of the home-based businesses in the New Economy. The definition of a home occupation should not be confused with the intent of this study to specifically address the concept of a home-based business, per se. However, because this section is related to the regulatory aspect of home-based businesses, the concept and language of home occupations will be addressed throughout this chapter in lieu of the term home-based business when referenced from a regulatory perspective.

## **DIFFERENCES BETWEEN HOME-BASED BUSINESSES, TELECOMMUTING AND WORKING AT HOME**

When considering past studies that have been completed throughout the United States regarding home-based work, there is a problem with consistency in the use of various definitions and terminology that are provided to describe the differences between home-based businesses, telecommuting and working at home. One of the primary problems associated with an analysis of home-based work stems from the inability of many studies to appropriately define the terms “work” and “home.” Also, many studies do not differentiate between similar definitions that have associated meanings.

The overall nature of home-based work in general is multifaceted and encompasses many different types of functions. Some of these definitions utilized to describe different aspects of working at home include terms such as home-based business operator, self-employed consultant, independent contractor, teleworker, home worker, telecommuter, moonlighter, occasional home worker, and full or part time home-based worker. Although studies may incorporate additional definitions, or identify the functions

differently, these are generally some of the more common terms that encompass the very nature of working at home and home-based businesses. Brief definitions for each of these terms are provided below:

**Home-Based Business Operator:** An individual who works from their home, full or part time, providing a service or product to a variety of clients or customers.

**Self-Employed Consultant:** Someone who works from their home full or part time, doing consulting work for more than one company or individual.

**Independent Contractor:** Someone who works from their home full or part time, on contract to one company, i.e. contract employee or piece worker.

**Teleworker, Telecommuter or Homeworker:** An individual who works from their home, full or part time, as an employee for a public institution or corporation.

**Field Worker:** An individual that spends a portion of his or her workweek away from the office in the field (in transit away from the office) on a regular basis throughout the normal workweek. Although this form of work is not often associated with home-based employment or telecommuting per se, the processed information or transactions associated with this type of activity are typically compiled or disseminated from a home office or corporate office setting.

**Moonlighter:** Someone who works from his or her home on a part-time basis as a supplemental job in addition to a primary job.

**Occasional Home Worker:** A person who brings work home after work hours from his or her workplace on a frequent to an occasional basis.

**Full-Time Home-Based Worker:** Someone who works from his or her home on a full-time basis. This could include an owner of a home-based business or a person who works as a full-time telecommuter, or is employed under salary by a corporation located outside of the area.

**Part-Time Home-Based Worker:** A person who works on a part-time basis at home, while working the rest of the time at another location.

With so many interchangeable descriptions and meanings, the methods used to appropriately define and measure home-based businesses, telecommuting and working at home on a consistent, uniform basis can become confusing. Although many of the existing studies and reports regarding the subject of home-based work clearly state the methodologies and parameters of their respective study, a set of commonly accepted uniform definitions for working at home do not exist. But when considering existing

research and studies that have been conducted, all research follows specific criteria directly related to home-based businesses, telecommuting and working at home.

As stated, home-based businesses are exclusively maintained and operated out of a primary residence in which the proprietor or proprietors also reside. Home-based businesses are essentially home occupations and provide a service for monetary return, and are categorized as being full or part-time ventures. Types of home-based businesses could include individual proprietors that are home-based business operators, self-employed consultants or professionals, and independent contractors.

Unlike owning a home-based business, telecommuting is work being completed at home by a salaried employee instead of commuting to a conventional work place on a regular basis. Specifically, telecommuting involves the partial or total substitution of telecommunications technology to allow work to take place at a distance from where it would otherwise take place. A telecommuter is commonly defined as an individual person whose full-time work and co-worker interaction is done mostly via-electronic means of communication (Telephone/computer/modem/Fax Machine). Although telecommuting is commonly associated with working at home, this is not always necessarily the case. Telecommuting can also take place at satellite offices and neighborhood work centers (telecenters) in regions or areas that are closer in proximity to a corporation's residential employer base. These types of telecommuters are often excluded from work-at-home employment statistics, as they are not home-based.

**TABLE 4**

<b>Categories of Home-Based Employment</b>		
<b>Category</b>	<b>Terms Attributable to Home-Based Businesses</b>	<b>Terms Attributable to Non-Home-Based Businesses</b>
Home-Based Business Operator	X	
Self-Employed Consultant	X	
Independent Contractor	X	
Teleworker		X
Telecommuter		X
Homeworker		X
Field Worker	X	X
Moonlighter	X	X
Occasional Home Worker		X
Full-Time Home Based Worker	X	X
Part-Time Home-Based Worker	X	X

Teleworking is another term that is often used simultaneously with telecommuting. The terms teleworking and telecommuting are interchangeable, and are utilized to provide reference to individual workers that spend a portion of their workweek working at home, as opposed to commuting into a central place of employment. Like telecommuters, teleworkers may also work out of work centers or satellite offices. Although teleworking is a term synonymous for telecommuting, it can also be used to describe the use of telecommunications in situations where a commute is not involved. Such references could be attributed to home-based individuals who are paid salary by corporations, or under contract to a company, but are not home-based business owners.

The concept of “Working at Home” essentially implies that it involves an element of home-based employment activities that can be conducted out of the home. All affiliated forms of home-based work is considered work-at-home employment, regardless of whether it is a home-based business or involves an individual who works for a corporation out of the home due to a telecommuting arrangement. All home-based employment can be categorized into home-based businesses and non-home-based businesses. All home-based business operations, or home occupations, involve a business operated out of the primary residence; whereas non-home-based business operations involve telecommuters and corporate office workers that bring work home on a regular basis.

When reviewing individual ordinances, many municipalities may reference different terms and definitions when addressing the nature of working at home and conducting home-based businesses. However, the analysis provided in this section offers a specific meaning and proper categorization of the terms commonly accepted by members of the business community, and economic development and planning disciplines. Although individual ordinances and regulatory processes may not be as specific, or may utilize varying terminology, the terms most commonly used to directly reference home-based employment can be accurately defined by category as specified in Table 4.

## **AN ANALYSIS OF MUNICIPAL ZONING ORDINANCES WITHIN THE MAG REGION**

The purpose of this section is to present specific language that is presently utilized by municipal governments within the MAG Region to regulate and enforce home occupations and home-based employment activities at the local and county levels. The information consists of referenced segments taken from each ordinance, and the identification of residential zoning districts within the municipality where home occupations are permitted.

Listed below are regulatory descriptions for 13 cities and 11 towns located within the MAG Region, which also includes an analysis of Maricopa County. Of the 24 municipal governments within Maricopa County, 3 of these municipalities do not contain specific language within their municipal codes that are utilized for the regulation and

enforcement of home occupations or home-based businesses. References containing regulatory narratives that have been taken directly from municipal zoning codes have been identified by italicized font. This section contains the information, references and narrative pertaining to each community's regulation and enforcement of home occupations and home-based employment activities (All information which follows was current as of July 2002, and does not reflect any municipal changes or updates that occurred since this date).

## **City of Avondale**

Section 2 of the City of Avondale's municipal Zoning Ordinance, entitled *Residential Districts*, contains language which provides for the provision of home occupations. Section 202 (E) contains the following language pertaining to home occupations:

*Home occupations shall meet the following standards or shall be subject to immediate termination:*

1. *The occupation or profession shall be carried on wholly within the dwelling unit or within an approved attached closed building.*
2. *No one outside of the family residing in the dwelling shall be employed within the home occupation.*
3. *There shall be no signs, no exterior display, no exterior storage of materials, and no other exterior indication of the home occupation or variation from the residential character of the principal building.*
4. *No offensive noise, vibration, smoke, dust, odors, heat, or glare shall be produced.*
5. *Such occupation shall not require internal or external alterations or construction features or equipment or machinery not customary in residential areas.*
6. *The activity shall not generate traffic beyond that normal in its district.*

As defined within the ordinance, specified prohibited uses by code definition include beauty and barber shops, real estate offices, restaurants, kennels, commercial stables and similar uses. Home occupations are currently permissible in the City of Avondale's single-family residential districts (R1-5, R1-6, R1-8, R1-15, R1-35), the multi-family residential districts (R-2, R-3, and R-4), and the community's mobile home park district (R-5).

## **Town of Buckeye**

Home occupations within the Town of Buckeye are currently permissible within the Town's RR (Rural Residential), PR (Planned Residential), MR (Mixed Residential) and CC (Commercial Center) land use districts. The Town of Buckeye's regulations toward home-based businesses are centered upon a working definition as identified within Article Two of the Town of Buckeye's Town Development Code, which defines a home occupation as follows:

A commercial activity that: (1) is conducted by a person on the same lot (in a residential district) where the person resides, and (2) is not so insubstantial or incidental or is not so commonly associated with the residential use as to be regarded as an accessory use but that can be conducted without any significantly adverse impact on the surrounding neighborhood. The following shall not be allowed:

1. *Signs;*
2. *On premise employees who do not reside at subject dwelling;*
3. *Heavy machinery;*
4. *Outdoor storage; or*
5. *Chemicals, materials or equipment not normally found in a residential area.*

## **Town of Carefree**

Home occupation standards for the Town of Carefree are based upon the definition of a home occupation as provided in Section 202 of the Municipal Zoning Ordinance. As presented in Section 202 of the Carefree Zoning Ordinance, a Home Occupation is defined as follows:

*Any occupation or profession customarily conducted entirely within a dwelling and carried on by a member of the family residing therein, and which occupation or profession is clearly incidental and subordinate to the use of the dwelling for dwelling purposes and does not change the character thereof, and in connection with which there are no employees other than a member of the immediate family residing within the dwelling, and no mechanical equipment other than that which is customarily used for domestic, hobby, or household purposes. Home occupation includes the use of the dwelling by physician, surgeon, dentist, lawyer, clergyman, or other professional person for consultation or emergency treatment, but not for the general practice of his profession. Home occupation does not include clinic, hospital, barbershop, beauty parlor, advertising or public relations agency, interior decorator's office or similar use. No noise, nuisance, sign or other display shall indicate from the exterior of the building or property*

*that it is being utilized in whole or in part for any other purpose other than that of a dwelling, nor shall such use generate pedestrian or vehicular traffic beyond that normal to the district in which it is located. A carport or a garage may not be used for home occupations.*

Home occupations within the Town of Carefree are allowed in the rural (Rural-190, Rural-70, Rural-43) residential districts, the single-family residential districts (R1-35, R1-18, and R1-10), and the multi-family zoning districts (R-3 and R-5). The specified following uses are prohibited by code: clinics, hospitals, barber shops, beauty parlors, advertising or public relations agencies and interior decorator's offices.

### **Town of Cave Creek**

The Town of Cave Creek presently allows home occupations within the residential districts of the municipality. Home occupations within the Town of Cave Creek are regulated under Article 16-4, Section 13 of the municipal Zoning Code, which specifies the following provisions:

- A. *General: Home occupations may be approved by the Zoning Administrator for any property, provided the home occupation is conducted by a resident thereof, and is clearly subordinate and incidental to the residential use.*
- B. *The following and similar home occupations are permitted subject to the provisions of this section:*
  - 1. *Office, professional or trade business.*
  - 2. *Service business.*
  - 3. *Instructional Service.*
  - 4. *Home production or service repair.*
  - 5. *Day care involving part-time care and/or instruction, whether or not for compensation, or six or fewer individuals at any time within a dwelling, not including members of the family residing on the premises.*
- C. *Procedure:*
  - 1. *Conduct of home occupation requires prior approval of a Home Occupation permit.*
- D. *Standards:*
  - 1. *Home occupations shall be conducted wholly within a dwelling unit, except that, in the Desert Rural or Single Family Residential zones, an existing accessory building located within the buildable area of the side or rear yard may be utilized for home occupation purposes.*

2. *Any exterior changes to a residence or a site which does not conform to residential appearance is prohibited. This includes but is not limited to signage, lighting, parking and equipment.*
3. *Other than the inhabitants of the residence, no more than one full-time (40 hours) person may be employed in the operation of a home occupation.*
4. *Adequate off-street parking must be provided for customers. However, parking or traffic excess, in size and frequency, which disturbs the residential tranquility is prohibited.*
5. *Any activity which produces noise, litter, vibration, glare, fumes, odors, dust or electrical interference noticeable at or beyond the property line is prohibited.*

## **City of Chandler**

Home occupations in the City of Chandler are defined within Chapter 35, Article II of the City of Chandler's Municipal Code. At present, the City of Chandler allows home occupations to take place in the AG-1 agricultural district; the SF-33, SF-18, SF-10 and SF-8.5 single-family districts; the MF-1, MF-2 and MF-3 multi-family districts; the MH-1 Mobile Home district; and within any Planned Area Development (PAD) zoning district designated for residential use. Within the City of Chandler, home-based business owners must comply with the following restrictions:

1. No commercial vehicle with a gross vehicle weight in excess of 14,500 pounds shall be parked or stored in residential zones.
2. Only one commercial vehicle may be parked in a residential neighborhood.
3. Any home business/occupation must comply with the following:
  - a. Shall be conducted entirely within the dwelling unit.
  - b. Shall be carried on by a member of the family residing within.
  - c. Shall be clearly incidental and subordinate to the use of the home for dwelling purposes.
  - d. Shall not change the residential character of the neighborhood.
  - e. Shall not generate excessive traffic (no employees, students or customer, etc. coming to the home. Limited parcel and package deliveries).
  - f. Shall not display any signs.
  - g. Shall not have any outside storage, commercial equipment, displays or any other outside activity at the home (Storage of equipment and materials must be off site).

- h. Shall not have other employees other than a member of the immediate family that resides in the dwelling.
- i. Shall not require the use of mechanical equipment in the home not normally used for domestic, hobby or household purposes.
- j. Shall not sell any commodity on the premises (no retail/wholesale sales in the home).
- k. Shall not keep any inventory of saleable commodities upon the premises.

### **City of El Mirage**

Although the City of El Mirage enforces municipal zoning, there are presently no provisions which enforce or regulate home-based businesses or home occupations within the community. The City of El Mirage is in the process of updating the community's Zoning Ordinance and is in the process of incorporating home occupation language and provisions for allowable home occupations or home-based businesses within the community's residential neighborhoods.

### **Town of Fountain Hills**

The Town of Fountain Hills presently regulates home occupations through Section 5.14 of the municipal Zoning Ordinance. At present, the Town of Fountain Hills allows home occupations within the R-190, R1-43, R1-35, R1-35H, R1-18, R1-10, R1-10A, R1-8, R1-8A, R1-6, and R1-6A single-family residential zoning districts; the M-1, M-2, M-3, R-2, R-3, R-4 and R-5 multiple family zoning districts; and the Mobile Home zoning district. Section 5.14 provides for the following regulations stated below:

***Home Occupations.*** *Home Occupations shall be permitted in any residential zone, subject to the following requirements:*

- A. *Home Occupations shall be clearly incidental and subordinate to the use of the property and dwelling unit for dwelling purposes, shall be conducted entirely within the dwelling or garage, and shall not change the residential character thereof. Carports, accessory buildings, and yards may not be used for home occupations. There shall be no outside storage of materials related to the business.*
- B. *Area. No more than twenty-five (25) percent of the gross area of the dwelling shall be devoted to the home occupation.*
- C. *Employees. There shall be no employees other than members of the immediate family residing in the dwelling unit where the home occupation is being operated.*

- D. *Delivery Vehicles. No business shall be conducted which requires delivery vehicles or other services not customary to a residence.*
- E. *Nuisances. There shall be no external evidence of the activity such as outdoor storage, displays, noise, dust, odors, fumes, vibration, or other nuisances discernable beyond the property lines.*
- F. *Signs. No signs signifying the business or any commercial product or service are allowed. Signs on business vehicles, regardless of their storage, shall not display the address of the home occupation.*
- G. *Traffic. Customer/patron and shipping/receiving trip generation shall not exceed five (5) trips per day.*
- H. *Exception. An exception to those requirements shall be made for the operation of a group home for the handicapped and adult care, day care centers, home day care centers, and model homes.*
- I. *Hazardous Materials. Any home occupation desiring to use hazardous materials, as defined in this ordinance, must first secure a special use permit. No home occupation may use hazardous materials without a special use permit. Special use permits for the use of hazardous materials will only be issued after the Town and Fire District are assured that proper handling, storage, and disposal safeguards can and will be followed for the health, safety and welfare of the neighborhood and the community.*
- J. *Uses not permitted. The following uses that are not permitted as a home occupation include, but are not necessarily limited to, the following: The physical sale or distribution of commodities on the premises and motor vehicle repair. The Community Development Director or his designee shall render decisions on home occupations permitted with appeal to the Town Council.*

## **Town of Gila Bend**

The Town of Gila Bend currently enforces home-based businesses through home occupation language contained within Article 7, Section 16-7-13 (K) of its municipal zoning ordinance. Home occupations within the Town of Gila Bend are currently permissible in the following zoning districts: R-1 (Single Family Residential); R-2 (Duplex Residential); R-3 (Mobile Home Residential); R-4 (Four-Plex Residential); and R-5 (Multi-Family Residential). Section 16-7-3 (K) of the Gila Bend municipal zoning ordinance states the following:

## K. Home Occupations

### (1) Generally

*A home occupation is an accessory use of a dwelling unit, conducted entirely within the dwelling unit, carried on by one or more persons, all of whom reside within the dwelling unit, and where no persons are employed other than resident and domestic help. The use is clearly incidental and secondary to the use of the dwelling for residence purposes and does not change the character thereof or adversely affect the uses permitted in the residential district of which it is a part. There shall be no outside storage of any kind; any indoor storage, construction, alternations, or electrical or mechanical equipment used shall not change the fire rating of the structure or the fire district in which the structure is located. The use may increase vehicular traffic flow and parking by no more than one additional vehicle at a time. It shall not cause an increase in the use of one or more utilities (water, sewer, or garbage) so that the combined total use for dwelling and home occupation purposes of the one or more utilities exceeds the average for residences in the neighborhood. When a use is a home occupation, it means that the owner, lessee, or other persons who have a legal right to the use of the dwelling unit also have the vested right to conduct the home occupation without securing special permission to do so. However, such person shall be subject to all conditions set forth in this Ordinance, such as off-street parking, and to all other permits required by the Town, such as Building Permits and Business Licenses, and is encouraged to check with Town officials before establishing such home occupation.*

### (2) Purpose

*It is the intent of this Section to eliminate as home occupations all uses except those that conform to the standards set forth in this Section. In general, a home occupation is an accessory use so located and conducted that the average neighbor, under normal circumstances, would not be aware of its existence. The standards for home occupations in this Section are intended to insure compatibility with other permitted uses and with the residential character of the neighborhood, and a clearly secondary or incidental status in relation to the residential use of the main building as the criteria for determining whether a proposed accessory use qualifies as a home occupation.*

### (3) Necessary Conditions

*Home occupations are permitted accessory uses in residential zones only so long as all the following conditions are observed:*

- (a) *Such occupation shall be conducted solely by resident occupants in their residence;*
  - (b) *No more than one room or twenty-five (25%) percent of the gross area of one floor of said residence, whichever is less, shall be used for such purpose. Use of accessory buildings or garages for these purposes is prohibited;*
  - (c) *No use shall require internal or external alterations or involve construction features or the use of electrical or mechanical equipment that would change the fire rating of the structure or the fire district in which the structure is located;*
  - (d) *No home occupation shall cause an increase in the use of any one or more utilities (water, sewer, garbage, etc.) so that the combined total use for dwelling and home occupation purposes exceeds the average for residences in the neighborhood;*
  - (e) *There shall be no outside storage of any kind related to the home occupation;*
  - (f) *The use may increase vehicular traffic flow and parking by no more than one additional vehicle at a time;*
  - (g) *No use shall create noise, dust vibration, smell, smoke, glare, electrical interference, fire hazard, or any other hazard or nuisance to any greater or more frequent extent than that usually experience in an average residential occupancy in the district in question under normal circumstances wherein no home occupation exists.*
- (4) *Examples of Uses That Frequently Qualify as Home Occupations.*

*The following are typical examples of uses which can be conducted within the limits of the restrictions established in this section and thereby qualify as home occupations. Uses which may qualify as “home occupations” are not limited to those named in this paragraph (nor does the listing of a use in this paragraph automatically qualify as a home occupation): accountant; architect; artist; attorney-at-law; author; consultant; dressmaking; individual, stringed-instrument instruction; individual tutoring; insurance; millinery; preserving and home cooking; realtor.*

(5) *Uses That Are Prohibited*

*The following uses by the nature of the investment of operation have a pronounced tendency, once started, to rapidly increase beyond limits permitted for home occupations and thereby impair the use and value of a*

*residentially zoned area for residence purposes. Therefore, the following uses shall not be permitted as home occupations: auto repair, minor or major; barber shop; carpentry work; dance instruction; dental offices; medical offices; painting of vehicles, trailers, or boats; photo developing; photo studios; private schools with organized classes; radio repair; television repair; upholstery.*

## **Town of Gilbert**

Ordinance 593 within the Town of Gilbert allows for home occupations within the following residential zoning districts: R1-43 (Rural); R1-20 and R1-35 (Rural Residential); R1-7, R1-8, R1-10 and R1-15 (Single-Family Residence); R-2 (Duplex); R-3 and R-4 (Multi-Family Residence); R-5 (Townhouse); R-S (Residential Service); and RCC (Residential Convenience). The stated language within Gilbert Ordinance 593 allows home occupations, subject to compliance with the Town of Gilbert Unified Land Development Code, as follows:

***Home Occupation.*** A “home occupation” is an occupation or profession which:

1. *It is customarily carried on in a dwelling unit, or in an attached building.*
2. *It is carried on by a member or members of the family residing within the dwelling unit, and*
3. *It is clearly incidental and secondary to the use of the dwelling unit for residential purposes, and*
4. *Which conforms to the following additional conditions:*
  - (a) *The occupation or profession should be carried on wholly within an attached building.*
  - (b) *No one outside the family should be employed within a “home occupation.”*
  - (c) *There shall be no exterior display, no exterior storage of materials, and no other exterior indication of a “home occupation” or variation from the residential character of the principal building.*
  - (d) *No offensive noise, vibration, smoke, dust, odor, heat or glare shall be produced.*
  - (e) *The activity shall be limited in between the hours of 7:00 a.m. and 10:00 p.m.*

*A home occupation shall not include, among others:*

*Barber shops and beauty parlors, commercial stables, veterinary offices, hospitals, kennels, real estate offices and restaurants. A home occupation may include, among others the following: child care or adult day care, but shall not include a day care center.*

## **City of Glendale**

The City of Glendale enforces home occupations through Section 7.304 of its municipal zoning ordinance. Within the City of Glendale, home occupations are categorized into two separate classes. Class I home occupations are classified as accessory uses in all residential districts; whereas Class II home occupations are subject to conditional use permits within residential neighborhoods. Class I and Class II home occupations are currently permissible in the following zoning districts: A-1 (Agricultural); SR-12, SR-17 and SR-30 (Suburban Residence); R1-4, R1-6, R1-7, R1-8 and R1-10 (Single Residence); R-2 (Mixed Residence); R-3, R-4 and R-5 (Multiple Residence); and RR-45 and RR-90 (Rural Residence). Also, home occupations are subject to certain conditions within the R1-4 Single Residence district. Section 7.304 of the Glendale municipal ordinance states the following:

- A. *Home Occupations (Class I) are accessory uses in all residential districts. An occupation or profession is considered a home occupation when it:*
1. *Is conducted entirely from within the principal residence with no activity or storage in the garage or other accessory buildings, or in other outdoor areas;*
  2. *Is conducted only by a resident or residents of the dwelling unit (no employees other than the family), no outside employees visit the site;*
  3. *Does not have any customer traffic or more than one (1) commercial delivery vehicle a day coming to the residence related to the home occupation;*
  4. *Produces no offensive noise, vibration, smoke, dust, odors, heat, or glare beyond the boundaries of the property;*
  5. *Is clearly incidental and secondary to the use of the dwelling unit for residential purposes with storage for the use limited to a maximum of five (5) percent of the total floor area;*
  6. *Has no signs or other exterior evidence of its existence;*
  7. *A valid City sales tax and business license is maintained for business purposes;*
  8. *Activity shall be limited to the hours between 7:00 a.m. and 10:00 p.m.; and*

9. *Any parking incidental to the home occupation shall be provided on site.*
  
- B. *Home Occupations (Class II) are subject to conditional use permit in all residential districts. It is required when any of the following standards cannot be met by the proposed home occupation:*
  1. *Is conducted entirely from within the principal residence with no activity or storage in the garage or other accessory buildings, or in other outdoor areas;*
  2. *Is conducted only by a resident or residents of the dwelling unit (no employees other than the family), no outside employees visit the site;*
  3. *Does not have any customer traffic or more than one (1) commercial delivery vehicle a day coming to the residence related to the home occupation.*
  
- C. *Except as may be provided by conditional use permit approval in conjunction with a Home Occupation (Class II), no accessory use shall include outdoor display or storage of any of the following listed items, when such items are visible or emit odor, dust, gas, noise, vibration, smoke, heat, or glare, beyond any boundary of the lot which such items are displayed or stored:*
  1. *Any building or landscaping materials.*
  2. *Any machinery, construction trailers, parts or appliances.*
  3. *Vehicles which are unlicensed, inoperable, or registered to or owned by persons not residing on, or the guests of persons residing on the premises.*
  4. *Any other chattel used for or intended for a commercial purpose or ultimate use other than to subject premises.*

### **City of Goodyear**

As addressed within the City of Goodyear's Zoning Ordinance, home occupations are referred to as Home Businesses and are permitted within the following zoning districts: AG (Agricultural); AP (Agricultural Preservation); AU (Agricultural/Urban); R1-10, R1-7, and R1-5.5 (Single Family Residential); R-2 (Two Family Residential); and MF-18 (Multi-Family Residential). Home businesses within the City of Goodyear are allowable within the municipal Zoning Ordinance as permitted accessory uses. Home business provisions are identified within Article 3-2-1-B-3 of the municipal zoning ordinance, and are as follows:

***Home Business.*** *A home-based business shall be conducted entirely and unobtrusively within the principal residence, in no case occupying more than twenty-five*

*(25) percent of the living area; and shall not generate pedestrian or vehicular traffic beyond that normal to the district in which it is located.*

- a. There shall be no signs, buildings or structures other than those permitted in the district. The occupation or profession shall not be advertised visually or by mass media.*
- b. There shall be no use of materials or mechanical equipment not recognized as being part of normal household or hobby use.*
- c. Home businesses may include the use of a premises by professional persons for consultation or emergency treatment, but not for general practice of a profession.*
- d. No offensive noise, vibration, smoke, dust, odors, heat, or glare, shall be produced or caused by the business or by the nature of the business.*
- e. Activity shall be limited to the hours between 7:00 A.M. and 10:00 P.M.*
- f. A "home occupation" shall not include, among others, the following:*
  - (1) Auto or appliance repair;*
  - (2) Barbershops and beauty parlors;*
  - (3) Commercial stables;*
  - (4) Direct sales;*
  - (5) Veterinary offices, hospitals and kennels;*
  - (6) Real estate offices;*
  - (7) Restaurants;*
  - (8) Cabinet maker or furniture making;*
- g. Home businesses are subject to resignation and annual renewal by the Zoning Administrator or his designee.*

### **Town of Guadalupe**

Home Occupations within the Town of Guadalupe are not allowed in any of the Town's residential zoning districts as specified within the municipal Zoning Ordinance. However, they are considered on a case-by-case basis and considered for approval by the Guadalupe Town Council.

### **City of Litchfield Park**

Although the City of Litchfield Park enforces municipal zoning, there are presently no provisions which regulate home-based businesses or home occupations within the community.

## City of Mesa

Home occupations are permitted within the City of Mesa, in accordance with Section 11-1-6 of the Mesa Zoning Ordinance. Home occupations are permitted as accessory uses within the Agricultural District (AG), and within the R1-43, R1-35, R1-15, R1-9, R1-7, and R1-6 residential zoning districts. Accessory Use language within Section 11-1-6 of the municipal zoning ordinance is as follows:

*Accessory Use – An ancillary use in a residential district which:*

1. *Is clearly incidental to and customarily found in conjunction with a principal use; and*
2. *Is subordinate to the purpose of the principal use; and*
3. *Contributes to the comfort, convenience or necessity of occupants in the principal use; and*
4. *Is located on the same lot or parcel as the principal use served; and*
5. *Includes hobbies and other activities provided there is no non-resident employee, exterior storage, commercial storage as provided in the Uniform Building Code, or other exterior indication of a non-residential use; and*
6. *Shall not include any commercial use as defined in this Chapter except the furnishing of services for compensation limited to swimming and fine arts instruction, sewing, baby sitting of five (5) or less persons, door to door and telephone solicitation, and arts and crafts.*

## Town of Paradise Valley

Home occupation regulations within the Town of Paradise Valley are provided for in the municipal Zoning Ordinance. Home occupations are allowed in the R-10, R-18, R-18A, R-35, R-43, and R-175 single-family residential zoning districts. The regulatory standards that are utilized for a home occupation are provided by definition in Article II, Section 201 of the municipal Zoning Ordinance, and are stated as follows:

*An occupation or profession carried on by a member of the family residing on the premises, and which is customarily and traditionally carried on in the home, provided that:*

- a. *No sign or display shall indicate from the exterior of the building that it is being utilized in whole or in part for any purpose other than that of a dwelling, other than a nameplate not more than one-foot square;*

- b. *No person shall be employed other than a member of the family residing upon the premises;*
- c. *No goods shall be prepared other than those prepared on the premises.*

## **City of Peoria**

As specified within Article 14-5 of the City of Peoria's Zoning Ordinance, home occupations are allowed as permitted Accessory Uses within the following single-family residential districts (R1-43, R1-35, R1-18, R1-12, R1-10, R1-8, and R1-6); the General Agricultural district; and the Suburban Ranch districts (SR-43, SR-35). Direct regulatory language for home occupations within the City of Peoria is as follows:

**Section 14-3-17 Home Occupations (Ordinance Number 97-10).** *A home occupation is an accessory use of the primary dwelling unit permitted either by right or by conditional use permit. Home occupations are generally conducted and located such that the average neighbor, under normal circumstances, would not be aware of their existence. The standards set forth in this Section are intended to ensure compatibility of the home occupation use within the residential character of the neighborhood. The proposed use shall be clearly accessory or incidental to the residential use of the main building to qualify as a home occupation use under this Section.*

- A. *A home occupation where permitted, except for Day Care Group Homes, shall be considered a permitted accessory use when it complies with the following regulations:*
  - 1. *No changes shall be made which alter the residential appearance of the building. This shall include alterations or additions to the existing building(s) and construction of parking areas or garages in excess of what is common to the surrounding area;*
  - 2. *No signs shall be allowed advertising a home occupation;*
  - 3. *Home occupations shall not have exterior display, exterior storage of materials or equipment, or other exterior indication of the home occupation;*
  - 4. *The home occupation shall not be discernable from beyond the premises, particularly emissions of noise, light, dust, gas, vibration, odor or smoke;*
  - 5. *The home occupation shall not involve more than one (1) business caller or visitor at a time and not more than two visitors per hour, nor commercial deliveries or outside services beyond those normal and incidental to the residential uses in the district.*

6. *The home occupation shall be conducted by a resident or residents of the dwelling unit only. No outside employees may be employed at the site and not more than one employee shall report to the site for off-site employment;*
  7. *No unusual load shall be placed on power, sewer, water or other utilities as the result of the home occupation use;*
  8. *External activity resulting from the home occupation shall be limited to the hours between 7:00 a.m. and 10:00 p.m.;*
  9. *No more than two (2) commercial vehicles may be parked on the home occupation site for personal use, except as provided by the city code, and no storage of commercial vehicles shall be allowed;*
  10. *All home occupations shall be subject to the standards contained herein and shall be approved by the City prior to the initiation of any business activity;*
  11. *A valid City sales tax and/or business license shall be obtained for the home occupation use.*
- B. A home occupation shall be allowed subject to approval of a conditional use permit when any of the following conditions will result:*
1. *The home occupation use requires or uses storage or space accessory to the principal residence, will utilize or require outdoor or open storage of materials or will require or result in the construction or installation of additional parking on-site;*
  2. *The home occupation use will produce or make noticeable the appearance of a non-residential use or will cause the emission of noise, light, dust, gas, vibration, odor or smoke from the premise;*
  3. *The home occupation will have more than one (1) business caller or visitor at any time, more than two visitors per hour connected to the home occupation use or more than one (1) commercial delivery per business day resulting from the home occupation use;*
  4. *Pedestrian or vehicular traffic will increase beyond what is considered normal and incidental to the district in which the use is located;*
  5. *An increased load will be placed on any of the power, water, sewer or other utilities;*
  6. *The home occupation use will require the services of a single employee or assistant who is not a resident of the household.*

- C. *A home occupation shall not include, but shall not be limited to the following uses: Barber and beauty shops; commercial stables; veterinary offices; hospitals and kennels; dog grooming; permanent real estate offices; restaurants; vehicle repairing, painting, storage, washing or sales, where vehicle is defined as any motorized or non-motorized means of transportation.*
- D. *Any violation of the above conditions shall constitute just cause for the immediate termination of the home occupation use. Complaints by citizens or local residents may be cause for termination of the home occupation use.*
- E. *A home occupation shall not include, but shall not be limited to the following uses: Barber and beauty shops; commercial stables; veterinary offices; hospitals and kennels; dog grooming; permanent real estate offices; restaurants; vehicle repairing, painting, storage, washing or sales, where vehicle is defined as any motorized or non-motorized means of transportation.*
- F. *Any violation of the above conditions shall constitute just cause for the immediate termination of the home occupation use. Complaints by citizens or local residents may be cause for termination of the home occupation use.*

## **City of Phoenix**

The City of Phoenix presently allows home occupations within the following zoning districts: the RE-24 and RE-43 Residential Estate District-One Family Residence districts; the Residential R1-14 District-One Family Residence district; the R1-6, R1-8, R1-10, R1-18, and RE-35 Single Family Residence districts; the R-2, R-3, R-3A, R-4 and R-5 Multiple Family Residence districts, and the R-4A Residential District-Multifamily Residence district. Regulations are enforced through Sections 605 (A) (13), 606 (A) (11), and 608 (C) (9), which states the following narrative within the Phoenix Zoning Ordinance:

*12. Home occupations are subject to the following:*

- a. *No one outside the family residing in the dwelling unit shall be employed in the home occupation.*
- b. *No exterior display, no exterior storage of materials, no sign, and no other exterior indication of the home occupation or variation from the residential character of the principal or accessory building, except as authorized in Paragraph h below.*
- c. *No home occupation shall emit odor, dust, gas, noise, vibration, smoke, heat, or glare beyond any boundary of the lot on which the home occupation is conducted.*

- d. *Activity shall be limited to the hours between 7 a.m. and 10 p.m.*
- e. *No mechanical equipment may be used except that normally used for domestic, hobby, standard office, or household purposes.*
- f. *Not more than twenty-five percent (25 %) of the total area under the roof on the site shall be used for any home occupation.*
- g. *Any parking incidental to the home occupation shall be provided to the site.*
- h. *Home occupation shall obtain a use permit from the Zoning Administrator in accordance with Section 307 of this Ordinance when:*
  - (1) *Traffic (other than trips by occupants of the household) is generated by the home occupation, or*
  - (2) *The home occupation is conducted in an accessory building, or*
  - (3) *The home occupation is conducted as an outside use, or*
  - (4) *Minor variations to paragraph c above are required to conduct the home occupation, or*
  - (5) *An applicant desires an official approval of the home occupation.*
    - (a) *A Home occupation shall not include, but such exclusion shall not be limited to the following uses:*
      - i. *Barber shops and beauty parlors*
      - ii. *Commercial stables, veterinary offices*
      - iii. *Dog grooming*
      - iv. *Massage parlors*
      - v. *Real estate offices*
      - vi. *Restaurants*
      - vii. *Veterinary hospitals and commercial kennels*

## **Town of Queen Creek**

Article 6 of the municipal Zoning Ordinance regulates home occupations within the Town of Queen Creek. The following information represents language as specified by Section 6.8 of the ordinance in response to home-based occupations:

### *PURPOSES*

1. *A home occupation is permitted as an accessory use in the districts shown in Figure 6.8 –11. The purpose of the home occupation regulations and performance standards are:*
  - a. *To establish criteria for operation of home occupations in dwelling units within residential districts;*
  - b. *To permit and regulate the conduct of home occupations as an accessory use in a dwelling unit, whether owner or rental-occupied;*
  - c. *To ensure that such home occupations are compatible with, and do not have a deleterious effect on adjacent and nearby residential properties or uses;*
  - d. *To ensure that public and private uses such as streets, sewers, water and utility systems are not burdened by the home occupations to the extent that usage exceeds that normally associated with residential use;*
  - e. *To allow residents of the community to use their residences as places to enhance or fulfill personal economic goals, under certain specified standards, conditions and criteria;*
  - f. *To enable the fair and consistent enforcement of these home occupation regulations; and*
  - g. *To promote and protect the public health, safety and general welfare;*
  - h. *No home occupation, except as otherwise provided herein, may be initiated, established, or maintained in the Town except in conformance with the regulations and performance standards set forth in this Section.*
- B. *PERFORMANCE STANDARDS. Home occupations are authorized if they comply with the following performance standards in Table 6.8-1. A check mark “x” indicates that the performance standard applies in the applicable district.*
- C. *HOME OCCUPATIONS PERMITTED. A home occupation shall be operated and maintained to not interfere with the peace, quiet and dignity of the neighborhood. The following are examples of uses which would be acceptable as home occupations: low volume office (insurance, realty), beauty shop, seamstress, instruction (as limited in paragraph of Table 6-8.1) word processing and other computer applications, and door to door sales.*
- D. *HOME OCCUPATIONS NOT PERMITTED. The following types of uses shall not be permitted as home occupations in Residential Zoning Districts: medical/dental office, motor vehicle repair or similar uses, temporary or permanent motor vehicle display for purposes of sale or lease, restoration or conversion, engine repair, furniture refinishing, gymnastic facilities, studios or outdoor recreation activities, medical/cosmetic facilities for animals including animal care or boarding facilities, machine shop/metal working, retail sales, commercial food preparation and catering, contractors shops, mortuaries, medical procedures, body piercing and/or painting, tattoos, or any type of physical or psycho therapy.*

E. *EXEMPT HOME OCCUPATIONS. The home occupations listed below shall not be subject to all applicable home occupation regulations and standards of this Section, provided that all persons engaged in such activities reside on the premises and the following conditions are satisfied:*

1. *Artists, sculptors, composers not selling their artistic product to the public on the premises;*
2. *Craft work, such as jewelry-making and pottery with no sales permitted on the premises;*
3. *Home offices with no client visits to the home permitted;*
4. *Telephone answering and message services.*

F. *UNSAFE HOME OCCUPATIONS. If any home occupation has become dangerous or unsafe, or presents a safety hazard to the public, pedestrians on public sidewalks or motorists on public-right-of-way, or presents a safety hazard to adjacent or nearby properties, residents or businesses, the Administrator shall issue an order to the dwelling owner and/or tenant on the property on which the home occupation is being undertaken directing that the home occupation be immediately made safe or be terminated. The property owner and/or tenant shall be responsible for taking the necessary corrective steps or measures, but in the event of a failure to do so by the owner and/or tenant, after notice and a reasonable period of time, the Administrator shall take any and all enforcement actions to render the home occupation and dwelling safe. Costs incurred by the administrator, if forced to take enforcement actions, shall be borne by the property owner and shall be treated as a zoning violation pursuant to Section 2.5 of this Ordinance.*

G. *HOME OCCUPATION PERMIT. No home occupation shall be established unless and until a home occupation permit is issued pursuant to Section 3.2D of this Ordinance. A home occupation permit shall lapse automatically if the property is used for non-residential purposes, if the dwelling is sold or rented, if the home occupation operator dies, if the home occupation permit lapses or is not renewed, or if the home occupation is discontinued for a period of 180 days or more and is not renewed within thirty (30) days of written notice from the Administrator.*

**Town of Queen Creek  
Home Occupation Performance Standards by Zoning District**

<b>PERFORMANCE STANDARDS</b>	<b>R1-190/R1-145/ R-1108/R1-54</b>	<b>R-43</b>	<b>R-35</b>	<b>R1-18/R1-15</b>	<b>R1-12/R1-9/R1-8/R1-7 R-2/R-3/R-4</b>
1. Conform with applicable State and County Statutes, Town Ordinances and Regulations and is reviewed by the Administrator	X	X	X	X	X
2. Full-Time Resident Operator	X	X	X	X	X
3. Obtain permits before operating home occupation.	X	X	X	X	X
4. No employees other than those residing at the residence	X	X	X	X	X
5. No more than one (1) non-resident shall be permitted	X	X	X		
5. Reserved					
6. Areas devoted to the home occupation use shall maintain a residential appearance	X	X	X	X	X
7. Not more than 6 customers or clients/week (1 visit/day/customer) allowed to visit home occupation. Customer hours shall be between 8:00 AM and 8:00 PM.	X	X	X	X	X
8. Not more than 25 percent gross floor area for Home occupation	X	X	X	X	X
9. Music, art, craft or similar lessons:					
6 or fewer clients per week:	X		X	X	X
6-12 clients per week:	X	X			
10. Home Day Care					
6 or fewer clients	X	X	X	X	X
7-12 Clients	X				
11. Demonstrate that public facilities and utilities are adequate to safely accommodate equipment used for home occupation	X	X	X	X	X
12. Storage of Goods and materials shall be inside and shall not include flammable, combustible or explosive materials	X	X	X	X	X
13. Parking shall be provided only in driveway and shall not create hazards or street congestion	X	X	X	X	X
14. Outside storage of heavy equipment or material shall be prohibited	X	X	X	X	X
15. No truck or van with a payload rating of one ton shall be parked on the site		X	X	X	X
16. Mechanized equipment shall be used only in a completely closed building		X	X	X	X
17. No generation of dust, odors, noise, vibration or electrical interference or fluctuation shall be that is perceptible beyond the property line	X	X	X	X	X
18. Deliveries and pickups shall be those normally associated with residential services and shall					
a. not block traffic circulation	X	X	X	X	X
b. occur only between 8:00 AM and 8:00PM Monday-Saturday					

## City of Scottsdale

According to the Scottsdale Zoning Ordinance, home occupations are currently permissible in the following residential zoning districts: R1-5, R1-7, R1-10, R1-18, R1-35, R1-43, R1-70, R1-130 and R1-190 (Single Family Residential District); R-2 (Two-Family Residential District); R-3 (Multifamily Residential District); R-4 (Townhouse Residential District); R-4R (Resort District); R-5 (Multiple Family Residential District); M-H (Manufactured Home District); and S-R (Service Residential). Home occupations are regulated through Section 3.100 of the Zoning Ordinance, which provides for a standard definition of a home occupation and states the following:

### *Section 3.100*

#### *Home Occupation*

*Home occupation shall mean any occupation or profession carried on by a member of a family, residing on the premises, and which is clearly incidental to the use of the structure for dwelling purposes and which does not change the exterior character of the premises in any way. There shall be no commodity sold upon the premises, nor shall such use generate pedestrian or vehicular traffic beyond that normal to the district in which it is located, and further there shall be no signs, buildings or structures other than those permitted in the district.*

*A carport or garage may not be used for home occupations. There shall be no use of material or mechanical equipment not recognized as being part of normal household or hobby use. Home occupation shall include the use of premises by a physician, surgeon, dentist, lawyer, clergyman, or other professional persons for consultation or emergency treatment, but not for the general practice of his profession.*

## City of Surprise

Home occupations within the City of Surprise are allowed as permitted accessory uses. Home occupations are permitted within the R1-43, R1-18, R1-8, and R1-5 residential zoning Districts. Enforced by the Surprise Municipal Code, Title 17 Zoning

### *17.32.110 Home Occupations*

- A. Generally. A home occupation is an accessory use of a dwelling unit, conducted entirely within the dwelling unit, carried on by one or more persons, all of whom reside within the dwelling unit, and where no persons are employed other than resident and domestic help; anywhere the use is clearly incidental and secondary to the use of the dwelling for residence purposes and does not change the character thereof or adversely affect the uses permitted in the residential district of which it is a part. There shall be no outside storage of any kind; any indoor storage, construction, alterations, or*

*electrical or mechanical equipment used, shall not change the fire rating of the structure or the fire district in which the structure is located. The use may increase vehicular traffic flow and parking by no more than one additional vehicle at a time. It shall not cause an increase in the use of one or more utilities (water, sewer, or garbage) so that the combined total use for dwelling and home occupation purposes of the one or more utilities exceeds the average for residences in the neighborhood. When a use is a home occupation, it means that the owner, lessee, or other persons who have a legal right to the use of the dwelling unit also have the vested right to conduct the home occupation without securing special permission to do so. However, such person shall be subject to all conditions set forth in this title, such as off-street parking, and to all other permits required by the city, such as building permits and business licenses, and is encouraged to check with city officials before establishing such home occupation.*

- B. Purpose. It is the intent of this section to eliminate as home occupations all uses except those that conform to the standards set forth in this section. In general, a home occupation is an accessory use so located and conducted that the average neighbor, under normal circumstances, would not be aware of its existence. The standards for home occupations in this section are intended to ensure compatibility with other permitted uses and with the residential character of the neighborhood, and a clearly secondary or incidental status in relation to the residential use of the main building as the criteria for determination whether a proposed accessory use qualifies as a home occupation.*
- C. Necessary Conditions. Home occupations are permitted accessory uses in residential zones only as long as all of the following conditions are observed:*
- 1. Such occupation shall be conducted solely by resident occupants in their residence;*
  - 2. No more than one room or twenty five percent of the gross area of one floor of said residence, whichever is less, shall be used for this purpose. Use of accessory buildings or garages for these purposes is prohibited;*
  - 3. No use shall require internal or external alterations or involve construction features of the use of electrical or mechanical equipment that would change the fire rating of the structure or the fire district in which the structure is located.*
  - 4. No home occupation shall cause an increase in the use of any one or more utilities (Water, sewer, garbage, etc.) so that the combined total use for dwelling and home occupation purposes exceeds the average for residences in the neighborhood.*
  - 5. There shall be no outside storage of any kind related to the home occupation.*
  - 6. The use may increase vehicular traffic flow and parking by no more than one additional vehicle at a time.*

7. *No use shall create noise, dust, vibration, smell, smoke, glare, electrical interference, fire hazard, or any other hazard or nuisance to any greater or more frequent extent than that usually experienced in an average residential occupancy in the district in question under normal circumstances wherein no home occupation exists. Complaints by citizens or residents may be cause for termination of the home occupation.*
  
- D. *Examples of the uses that frequently qualify as home occupations. The following are examples of uses which can be conducted within the limits of the restrictions established in this section and thereby qualify as “home occupations” are not limited to those named in this subsection (nor does listing of a use in this subsection automatically qualify as a home occupation): Accountant; architect; artist; attorney-at-law; author; consultant; dressmaking; individual stringed-instrument instruction; individual tutoring; insurance; millinery; preserving and home cooking; realtor.*
  
- E. *Uses that are prohibited. The following uses by nature of the investment of operation have a pronounced tendency, once started, to rapidly increase beyond the limits permitted for home occupations and thereby impair the use and value of a residentially zoned area for residential purposes. Therefore, the following uses shall not be permitted as home occupations: auto repair, minor or major; barber shop; carpentry work; dance instruction; dental offices; medical offices; painting of vehicles, trailers or boats; photo developing; photo studios; private schools with organized classes; radio repair; television repair; upholstery (Ordinance 86-6, 8-811, 1986).*

## **City of Tempe**

Home occupations within the City of Tempe are designated as permitted uses within the Agricultural District (AG), the single-family residential districts (R1-15, R1-10, R1-8, R1-7, R1-6, R1-5, R1-4, and R1-PAD) and the Mobile Home Subdivision District. The City of Tempe allows for home occupations as specified within Section 2-302 (3) of the Tempe Zoning Ordinance, which states the following:

3. *Home occupations, which comply with the following conditions:*
  - a. *The occupation or profession shall be carried on wholly within the principal building or within an attached closed building;*
  - b. *No one outside of the family shall be employed in a “home occupation”;*

- c. *There shall be no signs, no exterior display, no exterior storage of materials, and no other exterior indication of the “home occupation” or variation from the residential character of the principal building;*
- d. *No offensive noise, vibration, smoke, dust, odors, heat, or glare shall be produced;*
- e. *Such occupation shall not require internal or external alterations or construction features or equipment or machinery not customary in residential areas;*
- f. *The activity shall be limited to the hours between 7:00 a.m. and 10:00 p.m. and shall not generate traffic beyond that normal in its district;*
- g. *A “home occupation” shall not include the sale of commodities on premises, nor among others, the following: Barber shops and beauty parlors; commercial stables; veterinary offices; hospitals and kennels; real estate offices; restaurants; motor vehicle repairing; massage parlors; and*
- h. *Any violation of the above conditions shall cause the immediate termination of such home occupation.*

## **City of Tolleson**

Home occupations within the City of Tolleson are subject to a Use Permit in the Residential R1-35, R1-18, R1-7, and the R1-MH Residential Mobile Home zoning districts. Home occupations are Permitted Uses in the R2 Multi-Family Residential District. The City of Tolleson enforces home occupations within the community through Article I (E) (2) of the municipal zoning ordinance, which states the following:

*Home Occupation - An occupation, profession, activity or use which is clearly a customary, incidental, and secondary use of a residential dwelling unit and which does not alter the exterior of the property or affect the residential character of the neighborhood; and which is conducted totally within the dwelling unit and accessory buildings on the premises by members of the family residing in the dwelling unit. Such activity emits no offensive noise, vibration, smoke, dust, odors, heat, or glare beyond the premises and is limited to hours of operation between 7:00 A.M. and 10:00 P.M. “Home Occupation” does not include barber and beauty shops, commercial stables, veterinary offices, clinics, kennels or hospitals, real estate offices, nor restaurants, bars or other eating and drinking establishments.*

## Town of Wickenburg

The Town of Wickenburg currently utilizes a definition as defined in Section 14-2-2 (47) of the Town Zoning Ordinance, which provides a definitional framework for a home occupation within the community. At present, home occupations within the Town of Wickenburg are allowed within the R1-5A, R1-35, R1-12 and R1-6 single family residential zoning districts, as well as the RM-1 and RM-2 multi family residential zoning districts. The definition that is utilized for the regulation and parameters of enforcing and regulating home occupations within the community is as follows:

**Section 14-2-2 (47).** *Home Occupation: Any occupation or profession customarily conducted entirely within a dwelling unit and carried on by a member of the family residing therein, and which occupation or profession is clearly incidental and subordinate to the use of the dwelling unit for dwelling purposes and does not change the character thereof, and in connection with which there are no employees other than a member of the immediate family residing in the dwelling unit, and no mechanical equipment except for that which is customarily used for domestic, hobby, or household purposes, and provided that no commodities are sold on the premises. Home occupation includes the use of a dwelling unit by physician, surgeon, dentist, lawyer, clergyman, or other professional person for consultation or emergency treatment, but not for the general practice of his profession.*

## Town of Youngtown

Section 1-3-133 (Source: Section 201, Par. 27, 1965) of the Town of Youngtown's municipal Zoning Ordinance provides for Home Occupations within residential neighborhoods of the municipality. Regulatory language within Section 1-3-133 of the ordinance is as follows:

- A. *Home occupation means an occupation or profession carried on by a member of a family residing on the premises, in connection with which there is used no sign other than one non-illuminated name plate not more than one square foot in area, provided that:*
1. *No commodity is sold upon the premises.*
  2. *No person is employed other than a member of the immediate family residing upon the premises.*
  3. *No mechanical equipment is used except such as is normally used for domestic hobby or household purposes.*
- B. *Home occupation includes but is not limited to the use of premises by a physician, surgeon, dentist, lawyer, clergyman or other professional person for consultation or emergency treatment, but not for the general practice of his profession.*

## Maricopa County

The Maricopa County government monitors home-based businesses located throughout the unincorporated areas of Maricopa County. At present, Maricopa County provides for the existence and regulation of home occupations and cottage industries throughout various residential areas of the county. As specified within the Maricopa County Zoning Ordinance, there are two separate definitions to distinguish between home occupations and cottage industries from an enforcement perspective. Such definitions are defined within Article 2, Section 202 of the Maricopa County Ordinance, and are as follows:

### **Home Occupation, Residential**

*An accessory use of a dwelling that involves very limited manufacture, provision, or sale of goods and/or services. Garage/yard sales or home parties, that are held for the sale of goods or services, are not considered a home occupation provided these sales do not exceed 6 in 1 year. A residential home occupation is only permitted per the standards contained in the Rural and Single-Family Zoning Districts.*

### **Home Occupation, Cottage Industry**

*An accessory use of a dwelling that involves limited manufacture, provision or sale of goods or goods and/or services. Garage/Yard sales or home parties that are held for the sales of goods and services are not considered a home occupation provided these sales do not exceed 6 in 1 year. A cottage industry is more intense than a residential home occupation and is only permitted per the standards contained in the Special Use Section in Rural Zoning Districts.*

Residential home occupations are permissible in the following Zoning Districts, as specified within the Maricopa County Ordinance: The Rural-190 and Rural-70 zoning districts; the R1-35, R1-18, R1-10, R1-8, R1-7, and R1-6 single-family residential zoning districts; the R-2 limited multiple family residential zoning district; and the R-3, R-4 and R-5 multiple family residential zoning districts. Cottage industries are provided for in the Rural-190 and Rural-70 zoning districts.

As specified in Article 4, Section 402 (13) of the Maricopa County Zoning Ordinance, the regulatory language for home occupations is stated as follows:

*(13) Home occupations, residential, subject to the following:*

- a. The entrepreneur of a home occupation shall reside in the dwelling in which the business operates.*
- b. No one other than the residents of the dwelling shall be employed in the conduct of the home occupation.*
- c. The business shall be conducted entirely within a completely enclosed dwelling.*

- d. *The total area not used in the conduct of the business shall not exceed 15 percent or 250 square feet of the habitable dwelling area, whichever is less.*
- e. *There shall be no signs, advertising, display, or other indications of the home occupation on the premises.*
- f. *The residential address of the business shall not be listed in any business directory or in any advertising.*
- g. *Direct sales of products from display shelves or racks is prohibited. However, a customer may pick up an order previously made by telephone or at a sales meeting.*
- h. *The home occupation shall not interfere with the delivery of utilities or other services to the area.*
- i. *The business shall not generate any noise, vibration, smoke, dust, odors, heat, glare, or electrical interference with radio or telephone transmission in the area that would exceed that normally produced by a dwelling unit in a zoning district used solely for residential purposes.*
- j. *No mechanical equipment or power tools shall be used, except for that used for normal household purposes.*
- k. *No toxic, explosive, flammable, radioactive, or other similar material shall be used, sold, or stored on the site.*
- l. *There shall be no change to the residential appearance of the premises, including the creation of separate or exclusive business entrance(s).*
- m. *No more than 1 vehicle used in commerce shall be permitted in connection with the home occupation. Said vehicle shall be stored in an enclosed garage at all times and shall have no more than 2 axles.*
- n. *The number of clients or students on the premises shall not exceed 1 at any time.*
- o. *No clients or students shall be permitted on the premises for business purposes between the hours of 10:00 p.m. and 7:00 a.m.*

- p. *Deliveries from commercial suppliers shall not occur more than once a month, shall not restrict traffic circulation and shall not occur between 8:00 a.m. and 5:00 p.m., Monday through Friday.*
  - q. *If the home occupation requires that any clients or students visit the property, 1 parking space shall be provided per Section 2310 of this Ordinance. For the purpose of providing said parking space, tandem parking is permissible.*
- (14) *Home occupations, cottage industry subject to securing a Special Permit. (This section only pertains to the Rural the Rural-190 and Rural-70 zoning districts).*

In accordance with Article XXIV, Section 2401 (hh), special uses and unit plans of development within Rural Zoning Districts for home-based businesses as stated within the Maricopa County Zoning Ordinance are as follows:

*Home occupations, cottage industry in Rural Zoning Districts subject to the following requirements:*

- (1) *The entrepreneur of the cottage industry shall reside in the dwelling unit in which the business operates.*
- (2) *The number of persons who are employed in connections with the occupants, but who are nonresidents of the dwelling, shall not exceed 3.*
- (3) *The cottage industry may be conducted either within the dwelling or an accessory structure, or both. Not more than 50 percent of the combined floor area of the dwelling and any accessory structure(s) shall be used in the conduct of the cottage industry. The square footage of the cottage industry shall not exceed the square footage of the dwelling.*
- (4) *Only 1 sign for the cottage industry may be permitted. Such sign shall not exceed 16 square feet in area. Such sign shall not be nonilluminated. Such sign shall be faced flat upon the wall of a building or such sign shall be a free standing monument sign, but the height of such sign shall not exceed 12 feet for a wall sign and 6 feet for a monument sign.*
- (5) *The business shall be conducted in an enclosed building, and any commercial vehicle used in conjunction with the cottage industry conducted on the lot shall be limited to 1 and shall be parked within an enclosed building when not in use.*

- (6) *Adequate off-street parking shall be provided in accordance with the standards of Section 2310 herein (including design and paving of parking areas), and the maximum number of parking spaces shall be 6.*
- (7) *The outdoor storage of materials shall be limited to a maximum of 25 percent of total lot area and shall not be located within any required front or street side yard. Any outdoor storage shall be completely fenced with a solid masonry wall to obstruct the view to a height equal to the elevation of the tallest materials to be stored with a maximum height of stored materials of 8 feet.*
- (8) *Any property for which a Special Use for a cottage industry is approved shall be directed on the site and shall conform to the shielding requirements for outdoor lighting as specific in Section 2318 therein.*
- (9) *Any outdoor lighting on a property approved for a cottage industry use shall be directed on site and shall conform to the shielding requirements for outdoor lighting as specific in Section 2318 herein.*
- (10) *A cottage industry Special Use Permit issued to one (1) person shall not be transferable to any other person; is not attached to the land; and is not transferable from one place of residence to another.*
- (11) *Direct sales of products from display shelves or racks is allowed provided such sales are specifically approved as part of the Special Use. However, a customer may pick up an order previously made by telephone or at a sales meeting.*
- (12) *The cottage industry shall not interfere with the delivery of utilities or other services to the area.*
- (13) *The business shall not generate any noise, vibration, smoke, dust, odors, heat, glare, or electrical interference with radio or television transmission in the area that would normally exceed that normally produced by a dwelling unit in a zoning district used solely for residential purposes.*
- (14) *The owner or operator of a cottage industry shall obtain a cottage industry permit from the Zoning inspector prior to initiating business activity on the premises.*
- (15) *There shall be no variance or waiver from these requirements except by unanimous vote of all members of he Board of Supervisors.*
- (16) *The recommendation of the Commission shall consist of additional reasonable requirements including but not limited to the following:*

- (a) *The number of customers or students visiting the site.*
- (b) *The hours of operation.*
- (c) *Deliveries to the site.*
- (d) *The types of materials used in the business.*
- (e) *The types and amounts of materials, products and services sold by the business.*
- (f) *The types and amounts of materials manufactured by the business.*
- (g) *The types, amounts and locations of materials stored for use by the business.*
- (h) *The types and sizes of vehicles used in the business.*

## **ANALYSIS OF MUNICIPAL ZONING ORDINANCE PROVISIONS**

The previous section provided an analysis of existing ordinances within the MAG Region that are currently utilized to enforce municipal regulations for home occupations and home-based business activities. Table 5, located on Page 62, provides a composite overview of provisions that relate to home occupations. Table 5 identifies the following issues: permissibility of home-based occupations or businesses, current methods of enforcement or regulation, type of use, current restrictions, and type of permit required.

**TABLE 5**

**MARICOPA COUNTY  
ANALYSIS OF MUNICIPAL ZONING ORDINANCE PROVISIONS  
FOR HOME-BASED BUSINESSES/HOME OCCUPATIONS**

<b>JURISDICTION</b>	<b>ARE HOME-BASED BUSINESSES PERMITTED IN THE COMMUNITY?</b>	<b>CURRENT METHOD OF ENFORCEMENT OR REGULATION</b>	<b>TYPE OF USE</b>	<b>CURRENT RESTRICTIONS</b>
City of Avondale	Yes	Municipal Zoning Ordinance	Permitted	Yes
Town of Buckeye	Yes	Municipal Zoning Ordinance	Permitted	Yes
Town of Carefree	Yes	Municipal Zoning Ordinance	Permitted	Yes
Town of Cave Creek	Yes	Municipal Zoning Ordinance	Subject to Approval	Yes
City of Chandler	Yes	Municipal Zoning Ordinance (Chapters 30 & 35)	Permitted	Yes
City of El Mirage	Not Enforced	Not Enforced	Subject to Approval	No
Town of Fountain Hills	Yes	Municipal Zoning Ordinance	Subject to Approval	Yes
Town of Gila Bend	Yes	Municipal Zoning Ordinance	Accessory	
Town of Gilbert	Yes	Municipal Zoning Ordinance/Home Occupation Ordinance No. 593	Permitted	Yes
City of Glendale	Yes	Municipal Zoning Ordinance	Accessory (Class I) Conditional (Class II)	Yes
City of Goodyear	Yes	Municipal Zoning Ordinance	Accessory	Yes
Town of Guadalupe	No/Reviewed by Town Council Upon Request	Not Enforced	Not Permitted	Not Permitted by Ordinance
City of Litchfield Park	Not Enforced	Not Enforced	Not Enforced	No
City of Mesa	Yes	Municipal Zoning Ordinance	Accessory	Yes
Town of Paradise Valley	Yes	Municipal Zoning Ordinance	Permitted	Yes
City of Peoria	Yes	Municipal Zoning Ordinance	Accessory	Yes
City of Phoenix	Yes	Municipal Zoning Ordinance	Permitted/Subject to Approval	Yes
Town of Queen Creek	Yes	Municipal Zoning Ordinance	Accessory	Yes
City of Scottsdale	Yes	Municipal Zoning Ordinance	Permitted	Yes
City of Surprise	Yes	Municipal Zoning Ordinance	Accessory	Yes
City of Tempe	Yes	Municipal Zoning Ordinance	Permitted	Yes
City of Tolleson	Yes	Municipal Zoning Ordinance	Subject to Approval	Yes
Town of Wickenburg	Yes	Municipal Zoning Ordinance	Permitted	Yes
Town of Youngtown	Yes	Municipal Zoning Ordinance	Permitted	Yes
Maricopa County (Unincorporated)	Yes	County Zoning Ordinance	Permitted	Yes

Source: Maricopa Association of Governments/July 200

## **ANALYSIS OF MUNICIPAL ZONING ORDINANCE RESTRICTIONS ON HOME-BASED BUSINESSES**

Table 6, located on Page 64, provides for an analysis of municipal zoning ordinance restrictions that are currently enforced by the individual municipalities as identified within this Chapter. Table 6 identifies various ordinance restrictions that have been imposed on home-based occupations, or businesses by individual municipalities located within the region. The table identifies the following restrictions: on-site sales; traffic and parking; display of signs; storage of materials and uses of equipment; shipping and receiving; hours of operation; the allowance for additional employees; the operation of activities out of a garage and accessory structures; noise, nuisances and hazards; exterior property changes; and excess utility use.

TABLE 6

**MARICOPA COUNTY  
ANALYSIS OF MUNICIPAL ZONING ORDINANCE RESTRICTIONS  
ON HOME-BASED BUSINESSES/HOME OCCUPATIONS**

	ON-SITE SALES	TRAFFIC AND PARKING	DISPLAY OF SIGNS	STORAGE OF MATERIALS/USE OF MECHANICAL EQUIPMENT	SHIPPING AND RECEIVING	HOURS OF OPERATION	ADDITIONAL EMPLOYEES	GARAGE/ACCESSORY STRUCTURE	NOISE, NUISANCES, HAZARDS	EXTERIOR PROPERTY CHANGES	EXCESS UTILITY USE
City of Avondale		X	X	X			X		X	X	
Town of Buckeye			X	X			X				
Town of Carefree		X	X					X	X	X	
Town of Cave Creek		X	X	X			X		X	X	
City of Chandler	X	X	X	X	X		X		X	X	
City of El Mirage	*	*	*	*	*	*	*	*	*	*	*
Town of Fountain Hills	X	X	X	X	X		X	X	X	X	
Town of Gila Bend		X		X			X	X	X	X	X
Town of Gilbert			X	X		X	X		X	X	
City of Glendale		X	X	X	X	X	X		X		
City of Goodyear		X	X	X		X		X	X		
Town of Guadalupe	X	X	X	X	X	X	X	X	X	X	X
City of Litchfield Park	*	*	*	*	*	*	*	*	*	*	*
City of Mesa	X	X	X	X	X	X	X	X	X	X	X
Town of Paradise Valley			X				X				
City of Peoria		X	X	X	X	X	X		X	X	X
City of Phoenix		X	X	X		X	X		X	X	
Town of Queen Creek		X		X	X	X	X		X	X	X
City of Scottsdale	X	X	X	X			X	X			
City of Surprise		X		X			X			X	X
City of Tempe	X		X	X		X	X		X	X	
City of Tolleson						X	X		X	X	
Town of Wickenburg	X			X			X		X	X	
Town of Youngtown	X		X	X			X				
Maricopa County	X	X	X	X	X	X	X	X	X	X	X

Source: Maricopa Association of Governments/ \* - Presently does not contain enforcement or regulatory language for Home Occupations within Municipal Zoning Ordinance/July 2002

## **HOMEOWNER ASSOCIATIONS AND HOME-BASED BUSINESSES**

A homeowner association is essentially a formal legal entity that is formed to enforce CC&R's (Covenants, Conditions and Restrictions) and maintain common areas within residential neighborhood developments. Homeowner associations are incorporated entities which maintain active bylaws and are often governed by a formal Board. The majority of these Boards hire property management corporations to monitor daily administrative functions, manage daily maintenance issues within the association, and to enforce violations and issues of concern to the immediate community. Homeowner associations maintain legal authority to enforce maintenance and design standards and to enforce city ordinances. Most homeowner associations charge residents a monthly or annual fee, and membership is mandatory for all homeowners residing within the delineated areas of the established association.

When considering home-based businesses and local homeowner associations, the CC&R's often regulate whether a home-based business can operate out of a primary residence. CC&R's are the governing documents of a homeowner association and are tailored to each individual development. Sometimes, the CC&R's can also be referred to as the community's declaration, the community bylaws, the community regulations, the community rules, or the articles of incorporation. Nonetheless, these particular documents regulate the neighborhood association's residences, and often times have a tendency to be restrictive on issues pertaining to home occupations within the community.

Municipal zoning and regulatory enforcement processes are concerned with allowable home occupations throughout the city or town's residentially zoned neighborhoods, and the requirements regarding their operation within each particular residential zoning district. However, allowable home occupations within individual homeowner associations must first comply with the regulations of the association, which may be fully restricted, or very liberal in the association's enforcement of home occupations. However, this depends on the individual association in question, and it is hard to obtain specific information on these particular communities for a number of reasons.

When considering the increasing levels of construction in newer single-family residences throughout the MAG Region over the past ten years, many of the newer subdivisions have been developed as part of an overall planned community with direct affiliations to newly established neighborhood homeowner associations. As displayed on Table 7, in May of 2001 there were a total of 2,611 registered homeowners associations located within Maricopa County. The majority of these associations were located within the cities of Phoenix and Scottsdale.

At present, the local municipality does not monitor these particular neighborhood associations or their internal Board affairs. Although Arizona Revised Statutes require basic operating and procedural standards for homeowner associations, they are not specifically monitored or "regulated" by county, state or other agencies. A primary issue of concern in tracking or adequately monitoring the provisions or activities of

homeowner associations has to do with the very nature of their CC&R's or other forms of governing documents. There are no standard uniform provisions that are utilized by homeowner associations with respect to home occupations, or home-based businesses, primarily due to the fact that all developments differ in their location, neighborhood residential market segments, age, and overall housing structure. Also, when considering the overall number of these associations within the region, the process of monitoring the provisions of each neighborhood homeowner association with respect to home occupation provisions would be monumental at best. Therefore, the level of restrictions with regard to allowable home occupations would not be easy to assess.

However, homeowner associations are also subject to local municipal zoning, and must at a minimum adhere to the general municipal provisions of the zoning ordinance for their respective district. In cases where homeowner associations are located in municipal areas that prohibit home occupations within residentially zoned areas, they would not be permissible in the association. Therefore, when considering possible regulations that prohibit home occupations, the concept of restrictions within homeowner associations are only attributable to neighborhoods that allow home occupations in accordance with the municipal zoning code.

The potential effect of homeowner associations on home occupations or home-based businesses within the MAG Region is hard to assess. Depending upon the theme, location, land use mix, market segment or population base of a community containing a homeowner association, the allowable use level will conform to the original intent of the development or neighborhood in question. Unless new legislation is introduced that allows for the uniform provision of specified home occupations within homeowners associations, individuals residing within such developments will continue to be subject to the established laws of the association, which may ultimately be more restrictive than the local municipal zoning code.

**TABLE 7**

<b>HOMEOWNERS ASSOCIATIONS WITHIN MARICOPA COUNTY</b>		
<b>JURISDICTION</b>	<b>NUMBER OF ASSOCIATIONS</b>	<b>TOTAL PERCENTAGE</b>
City of Avondale	4	0.1
Town of Buckeye	1	0.0
Town of Carefree	20	0.8
Town of Cave Creek	10	0.4
City of Chandler	65	2.5
City of El Mirage	0	0.0
Town of Fountain Hills	185	7.1
Town of Gila Bend	0	0.0
Town of Gilbert	47	1.8
City of Glendale	73	2.8
City of Goodyear	0	0.0
Town of Guadalupe	0	0.0
City of Litchfield Park	12	0.5
City of Mesa	221	8.5
Town of Paradise Valley	13	0.5
City of Peoria	14	0.5
City of Phoenix	1,034	39.6
Town of Queen Creek	6	0.2
City of Scottsdale	433	16.6
City of Surprise	0	0.0
Sun City*	71	2.7
Sun City West*	30	1.1
Sun Lakes*	6	0.2
City of Tempe	307	11.8
City of Tolleson	2	0.1
Town of Wickenburg	10	0.4
Town of Youngtown	0	0.0
Unidentified*	47	1.8
<b>Total</b>	<b>2,611</b>	<b>100.0</b>

Source: Arizona Corporation Commission/\* - Unincorporated \*\* - Associations not identified by community

## **CHAPTER FOUR**

### **POTENTIAL IMPACTS OF HOME-BASED EMPLOYMENT ON REGIONAL TRAVEL AND TRAFFIC CONGESTION ISSUES**

The purpose of this chapter is to assess traffic congestion, potential impacts of home-based employment on vehicle miles of travel (VMT), and public safety issues as they relate to home-based businesses and working at home within the MAG Region. These issues also have environmental implications, which could potentially lead to lower levels of emissions. When considering the metropolitan region's arterial road network and freeway system, there have been continual increases in the overall levels of traffic congestion, and delays in travel time for the efficient movement of people and goods. Over the past decade the population of the MAG Region increased by approximately 45 percent. The population of the MAG Region over the next ten years has been projected to increase by at least another 25 percent to a total of approximately 3.7 million people. This increased growth and the number of additional vehicles that it will place on the regional transportation system will affect future levels of congestion, and create numerous issues and concerns associated with regional traffic.

As a result of population growth and increasing demand on the transportation network of Maricopa County, the region will continue to assess a number of measures to accommodate the efficient movement of regional travel. By individual municipalities creating a regulatory environment for more individuals to operate businesses from a primary residence, in addition to the number of employers throughout the region that are offering telecommuting options, the home-based employment sector could potentially contribute to the reduction of regional congestion. Such actions would reduce the number of vehicle trips and miles traveled by eliminating the need to commute into a central place of employment.

As identified in Chapter Two, the number of home-based businesses and individuals working at home is expected to increase in the future. Based upon a 2001 survey conducted by the Regional Public Transportation Authority (RPTA), approximately 10 percent of the current labor force within Maricopa County is employed at home in some type of home-based business venture. In addition, approximately 4 percent of individuals telecommute on an average workday. According to the 2001 survey, 14 percent of all individuals stay at home to work on an average workday. From an environmental and regional transportation perspective, it will be important to maintain or

increase these percentile levels, and to collectively identify measures which can be utilized in an effort to allow for additional home-based employment opportunities in the future. Municipal and employer incentives which will allow for home-based business startups and more employee telecommuting options will ultimately lead to positive impacts on traffic congestion, vehicle miles traveled, pedestrian and vehicular safety, and emissions.

Specifically, the following information within this chapter will provide an overview of existing traffic congestion issues within Maricopa County; existing public safety issues; an overview of regional travel and employment; and address the potential impacts of home-based businesses and telecommuting on traffic congestion and public safety.

## **EXISTING TRAFFIC CONGESTION ISSUES**

Traffic congestion within the MAG Region is an important quality of life issue. Increases in travel delays and overall volumes of traffic have caused serious concerns among residents, the local business sector, and community leaders. Some of the primary factors contributing to traffic congestion within the MAG Region include tremendous population growth and a viable economy that is producing an increasing number of jobs. These factors have brought intensive urban development to previously undeveloped lands, thereby creating a higher demand on the existing regional roadway network and resulting in higher traffic volumes.

Aside from increased travel times and the decreasing available capacity of the existing system, traffic congestion has other consequences and affects upon the population of the metropolitan region as well. Aside from notable air quality issues, there are also cumulative effects on personal health, safety and the economy, such as driving under stressful conditions; stress-related physiological changes; health problems associated with driving anxiety; and work performance deficits and job dissatisfaction, which ultimately leads to lower levels of overall productivity and additional economic losses. Also, traffic congestion has been responsible for the increase in accidents, as well as the overall intensity of delays in the efficient movement of people and goods throughout the metropolitan region.<sup>1</sup>

During 1989, for the first time, MAG initiated a major traffic congestion study in an effort to develop an electronic database of detailed traffic information that could be used to measure traffic congestion at major intersections, and also for selected freeway segments throughout the metropolitan region. Due to population growth and extensive freeway construction over the past decade, which significantly altered regional travel patterns, the 1989 study was followed by the *1998 MAG Regional Congestion Study*. The 1998 study was specifically intended to provide updated traffic data for the MAG transportation planning process.

The primary elements of the 1998 study assessed traffic data collection; traffic volumes; vehicle types; levels of service; and the overall assessment of growth in metropolitan Phoenix between the years of 1989 and 1998. When addressing the issue of congestion, some of the more significant findings of the 1998 study include an analysis of “Levels of Service” conducted at 647 arterial intersections and various freeway segments throughout the metropolitan region, and a comprehensive comparison of VMT and overall daily capacity miles between the years of 1989 and 1998.

When considering overall intersection or roadway capacities, a “Level of Service” (LOS) is the most common measurement of assessing traffic conditions. The LOS is based on the ratio of the traffic volume to roadway capacity. A scale of A to F is utilized to determine LOS at intersections and freeway segments throughout the metropolitan region. In accordance with generally accepted transportation planning standards, a LOS of A, B or C is considered acceptable in terms of the road’s ability to function well below levels of congestion. Roads with a LOS of A, B or C are considered under capacity, and are desirable in their ability to move traffic at an acceptable speed. When assessing congestion, a LOS of D is considered near full capacity, an E is considered at capacity, and LOS F is considered to be over capacity. A LOS of E or F is considered to be unacceptable for most drivers. As specified within the 1998 Study, when assessing LOS for intersections, AM peak traffic periods were defined as time intervals which occurred between the hours of 7:00 and 9:00 AM; whereas PM peak traffic periods were defined as those time intervals between the hours of 4:00 PM to 6:00 PM.<sup>2</sup>

Table 8, located on Page 71, provides an overview of AM and PM peak hour LOS for the regional study area’s surface arterial roadway intersections. The most notable observation from Table 8 is that the region is encountering a serious congestion problem on the major arterial road system. As displayed in the table, approximately 36.6 percent of regional intersections are congested during AM peak hour traffic, and 39.4 percent of all intersections within the study area are at capacity during PM peak hour traffic. Only 37.1 percent of the region’s intersections are under capacity in the morning, and 34.9 percent in the evening.

When assessing LOS for regional freeways, AM peak traffic periods were defined as time intervals which occurred between the hours of 7:00 and 9:00 AM; whereas PM peak traffic periods for freeways were defined as those time intervals between the hours of 4:30 PM to 5:30 PM.<sup>3</sup> As displayed on Table 9, approximately 24.7 percent of all freeway mile segments were functioning at LOS E or F, and were considered over capacity. This overall percentage was higher during the afternoons, when the figure rose to a total of 31.2 percent for all regional freeway segments. The overall levels in freeway congestion in the 1998 study represent a considerable increase over the congestion levels that were reported in the 1989 study.

Another significant conclusion of the 1998 MAG Regional Congestion Study indicates a 42 percent increase in the overall amount of VMT; a 95 percent increase in the number of freeway roadway capacity miles; and an 11 percent increase in the total number of

**TABLE 8**

REGIONAL INTERSECTION LEVELS OF SERVICE (LOS)					
AM PEAK HOUR			PM PEAK HOUR		
LOS	Number of Intersections Analyzed	Percent	LOS	Number of Intersections Analyzed	Percent
A	15	2.3	A	15	2.3
B	81	12.5	B	87	13.4
C	144	22.3	C	124	19.2
D	170	26.3	D	166	25.7
E	135	20.9	E	127	19.6
F	102	15.7	F	128	19.8
<b>Total</b>	<b>647</b>	<b>100.0</b>	<b>Total</b>	<b>647</b>	<b>100.0</b>

Source: 1998 MAG Regional Congestion Study

arterial roadway capacity miles. When combining the total freeway and arterial miles, the overall increase in road miles from 1989 to 1998 has been about 29 percent. However, during this same period of time, the overall travel demand has grown by approximately 32 percent. The difference between these two particular growth rates has been one of the leading reasons for the levels of increased congestion. When analyzing the recent data, it is clear that peak hour freeway and arterial intersection traffic congestion levels will continue to increase. As the Phoenix metropolitan region continues to increase in overall population, higher levels of transportation congestion

**TABLE 9**

REGIONAL FREEWAY LEVELS OF SERVICE (LOS) FOR GENERAL PURPOSE LANES ONLY					
AM PEAK HOUR			PM PEAK HOUR		
LOS	Number of One-Way Miles	Percent	LOS	Number of One-Way Miles	Percent
A	19	8.2	A	16	6.9
B	43	18.6	B	44	19.0
C	74	32.0	C	61	26.4
D	38	16.5	D	38	16.5
E	21	9.1	E	34	14.7
F	36	15.6	F	38	16.5
<b>Total</b>	<b>231</b>	<b>100.0</b>	<b>Total</b>	<b>231</b>	<b>100.0</b>

Source: 1998 MAG Regional Congestion Study

will more than likely spread to other areas of the region. The increasing levels of congestion will continue to reduce the overall efficiency of moving people from one point to another, and also have affects upon the timeliness and delivery of goods and services throughout the region.

## **Congestion Management System**

Throughout the nation, many regions utilize a variety of roadway and transit improvement programs in an effort to reduce traffic congestion. Such methods may include the use of intelligent transportation systems; the coordination of traffic signals; promoting the use of buses, light rail and carpooling; initiating regional ride-share programs; the implementation of telecommuting programs; or the identification and implementation of other methods of travel or programs that will ultimately reduce peak-hour traffic levels. Although there are a number of methods to address these concerns, serious efforts will need to be made in order to alleviate roadway congestion, and to reduce the overall level of vehicular trips.

With the passage of the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991, federal legislation addressed the development of six transportation management systems to specifically monitor the existing transportation system; address project and improvement needs; and to identify various strategies which could be utilized in an effort to address regional transportation needs. As specified under ISTEA, these identified management systems include the following: a Congestion Management System (CSM); an Intermodal Management System (IMS); a Pavement Management System (PMS); a Safety Management System (SMS); a Bridge Management System (BMS) and a Public Transportation Management System (PTMS).

In accordance with federal legislation, MAG is required to develop and implement a Congestion Management System (CMS) for the region. The CMS is an ongoing process, whereby MAG provides for an overall analysis of various transportation management strategies and their applicability to the region. The MAG CMS was established upon three subsequent planning processes. The first phase included an analysis of traffic congestions and related problems in the region, and was completed in 1991. The second phase included the development of congestion management alternatives, and the final phase, which was initially adopted in September of 1994, involves the full implementation of the CMS through the recommendations of an annual report and the programming of specific improvements in the MAG Five-Year Transportation Improvement Program (TIP).

Essentially, the MAG CMS is a multimodal planning process that considers a variation of alternative transportation options in an effort to reduce congestion throughout the greater metropolitan region. This is an ongoing process that provides for the identification of congestion areas; implements the development of management system alternatives, and defining the continuing process for traffic management in the MAG

region; monitors sub-regional and regional travel patterns; and applies multi-modal transportation improvements and travel reduction efforts to the congested portions of the transportation system. MAG, through the annual review, approval and implementation of numerous plans, a regional Long Range Transportation Plan (LRTP), and the development of a 5-Year TIP, promotes methods in which to reduce congestion throughout the metropolitan region of Phoenix.

Although traffic congestion will continue to be an issue for many years to come, primarily due to increasing population pressures, the municipal entities of Maricopa County have collectively adopted and continue to assess, plan for, and implement a number of congestion control measures through the MAG LRTP. Some of the identified measures utilized in the MAG region to address traffic congestion include the implementation of various Transportation Demand Management (TMD) programs, which encourage reductions in travel demand through carpooling, vanpooling, a clean air campaign, the regional rideshare program, walking, bicycling, telecommuting and compressed work schedules; the implementation of land use controls to maintain a balance between traffic capacity and travel demands; market incentives to alleviate traffic; ongoing road and network improvements to increase traffic capacities, improve intersections, maintain access control, develop High Occupancy Vehicle (HOV) facilities, and improve multimodal transportation facilities; the implementation of various components of a fully-functional Intelligent Information Systems (ITS); transit improvements; and various other programs and improvements as necessary at the local and regional levels.

## **PUBLIC SAFETY ISSUES**

Increasing levels of traffic congestion throughout the metropolitan region can ultimately have a significant impact on vehicular and pedestrian safety. Increased congestion upon the regional roadway network can affect accident rates, which in turn can cause personal injury, economic loss and further travel delays. Ensuring safety is a primary and ongoing role of the region, and many of the mechanisms for addressing regional safety issues are incorporated into many of the planning processes and policy documents that have been completed at the local and regional levels. Most of the region's safety issues are addressed at the local municipal level through the funding of local programs.

Accidents rates on regional freeways, major arterial intersections, and on segments of roadway which maintain above-average traffic flows throughout the region have continued to increase over the years. Table 10 displays an annual crash history as tabulated by the Arizona Department of Transportation. As displayed in Table 10, the overall number of annual accidents has increased by approximately 29.8 percent from 1994 to 2000. In between the years of 1994-2000, the overall number of combined traffic fatalities and injuries increased by a total amount of approximately 15 percent. In 2000, the total economic loss as a result of regional accidents was over 1.5 Billion

dollars, or a total of approximately \$17,000 per incident. During 2000, there were a total of 86,688 accidents in Maricopa County.

**TABLE 10**

<b>MARICOPA COUNTY CRASH HISTORY INCIDENTS: 1994-2000</b>					
<b>YEAR</b>	<b>FATAL</b>	<b>INJURY</b>	<b>PROPERTY DAMAGE ONLY</b>	<b>TOTAL</b>	<b>ECONOMIC LOSS (Expressed in Billions of Dollars)</b>
<b>1994</b>	337	27,655	38,781	66,773	1.255
<b>1995</b>	417	29,066	42,875	72,358	1.592
<b>1996</b>	360	28,769	43,867	72,996	1.205
<b>1997</b>	372	27,567	45,677	73,616	1.260
<b>1998</b>	372	28,730	49,293	78,395	1.267
<b>1999</b>	394	30,331	52,345	83,070	1.332
<b>2000</b>	394	31,837	54,457	86,688	1.547
<b>% CHANGE 1994-2000</b>	16.9	15.1	40.4	29.8	23.3

Source: 1994-2000, Arizona Motor Vehicle Crash Facts, Arizona Department of Transportation

As displayed in Table 10, the overall number of fatality, injury and property-related accidents has continued to increase. According to a national study that was released by the Insurance Institute for Highway Safety, the City of Phoenix had a very high accident rate in comparison with other cities in the rest of the country. In an effort to reduce traffic accidents, many of the communities within the region have been installing automated devices in an effort to reduce incidents associated with vehicles that are running through red light traffic signals and using excessive speeds.<sup>4</sup>

Municipalities within Maricopa County, and the region as a whole, have continued to identify safety on the regional transportation network as being a primary issue. Some of the major concerns are focused on pedestrian safety; developing safe bicycle facilities;

reducing the frequency and severity of accidents on the regional freeway program; and reducing the total number of intersection and mid-block crashes throughout the region. As a result of these concerns, the municipalities of Maricopa County have discussed the development and implementation of a Regional Safety Management System. Such a system will be helpful in the identification of safety-related issues and problems throughout the transportation network, and assist decision makers with the appropriate information in developing and implementing measures that could be taken in order to alleviate accidents and safety concerns in the future. At present, federal funds have been secured for the development of a Regional Safety Management System, but work on the system is not scheduled to begin until 2003.

There is currently a direct relationship between higher traffic volumes and the increase of accidents throughout the region. Although accidents are usually the result of human error, some of the physical causes or obstacles which tend to heighten their possible occurrence can certainly be addressed and alleviated. While it is impossible to remove human error and eliminate all accidents, the development of a Regional Safety Management System can be extremely advantageous to identify problem areas in the regional system.

Although there are other alternative options to reducing levels of traffic congestion, one solution would be to decrease the overall percentage of the metropolitan labor force that commutes into a central place of employment on a given work day. Individuals who are taking the time to work at home are in essence taking their vehicles off the road during peak travel times. The reduction in the overall number of vehicles on the regional road system not only has an impact on the environment and congestion, but could also lead to the reduction in the number of overall accidents on the system.

## **OVERVIEW OF REGIONAL TRAVEL AND EMPLOYMENT**

The purpose of this section is to provide a brief overview of the number of vehicles within Maricopa County, to address the number of total estimated vehicular trips, and to address recent observations regarding travel modes within the region for the total employed civilian labor force. The data that pertains to various travel observations within this section for the metropolitan region is based on recent information obtained from the 2001 Transportation Demand Management (TDM) survey. Specifically, the 2001 TDM survey was conducted in partnership between the Regional Public Transportation Authority (RTPA), MAG, Maricopa County, and the municipalities of Gilbert, Scottsdale and Tempe.

According to the Arizona Department of Transportation (ADOT), in 1999 there were a total of 1,845,516 registered vehicles within Maricopa County. The number of vehicles in the county represents a considerable increase since 1990. This increase in registered vehicles contributes to area traffic congestion and overall increases in system capacity. Although there has been a significant increase in the number of vehicle

registrations over the last decade, there have also been an increasing number of vehicular trips as the result of an increasing population and a higher level of employment growth throughout the region.

Based upon the findings of a recent annual survey by RPTA, it is estimated that during 2000, there were a total of approximately 2.1 million vehicle commute trips by individuals who were employed and commuting into a central place of work on an average weekday. This figure is exclusive of individuals who were not actively employed; who operated, or were employed within a home-based business venture; telecommuted from home; or that were engaged in compressed work schedules, which would allow them to work extended hours from home during a normally scheduled workweek. According to the Arizona Department of Economic Security, in 2000 there was a total employed civilian labor force of 1,463,900 within Maricopa County. As based upon the RTPA survey, in 2000, 86.4 percent of the labor force, or 1,264,810 (of 1,463,900) people commuted into work each day utilizing a primary mode of travel. Another 10 percent of the total employed civilian labor market, or approximately 146,390 people, were engaged in active employment within a home-based business venture and did not commute into a central place of employment. Also, 3.6 percent, or approximately 52,700 people telecommuted or participated in compressed work schedules from home. Table 11 displays the estimated number of employed commuters during a given work day that were utilizing various travel mode options. The figures in Table 11 are based upon Year 2000 results that were recalculated from the 2001 TDM Annual Survey conducted by the RPTA.

**TABLE 11****ESTIMATED NUMBER OF EMPLOYED COMMUTERS  
BY TRAVEL MODE****(Based on Mode of Travel as Percent of Total Commuter Trips for Year 2000)**

<b>TRAVEL MODE</b>	<b>TOTAL NUMBER</b>	<b>PERCENTAGE</b>
<b>Single Occupancy Vehicles</b>		
Drive Alone	961,782	65.7
<b>Alternate Mode of Travel</b>		
Carpool	197,628	13.5
Vanpool	26,350	1.8
Bus	26,350	1.8
Bicycle	26,350	1.8
Walk	26,350	1.8
Total	303,028	20.7
<b>Home-Based Employment</b>		
Home-Based Business Owners/Employees	146,390	10.0
Telecommute	26,350	1.8
Compressed Schedule	26,350	1.8
Total	199,090	13.6
<b>Estimated Total Non-Home Based Employment</b>	<b>1,264,810</b>	<b>86.4</b>
<b>Estimated Total Home Based Employment</b>	<b>199,090</b>	<b>13.6</b>
<b>Total Employed Population (Year 2000)</b>	<b>1,463,900</b>	<b>100.0</b>

## **POTENTIAL IMPACTS OF HOME-BASED BUSINESSES AND TELECOMMUTING ON VEHICLE MILES TRAVELED**

At present, it is estimated that approximately 10 percent of the total civilian labor force within the MAG Region is comprised of home-based businesses, and another 3.6 percent of the labor force is employed at home on an average workday due to telecommuting, or other employment arrangements. Cumulatively, this accounts for almost 14 percent of the labor force staying at home each day throughout the course of the workweek.

Although general assumptions can be made about the labor force that is not commuting into a central place of employment on any given day, what remains unknown at this time are the types of home-based businesses that exist throughout the region, and whether these businesses are generating additional trips throughout the course of the day. However, for purposes of general analysis, when addressing telecommuting and home-based businesses, the following narrative will assume that the average estimated travel distances generally incurred by a daily commuter have been eliminated due to working at home. Adjustments have not been made to allow for additional trips that may be made by home-based business employees, because they are not known at this time.

Tables 12 through 14 provide general scenarios which calculate increases in telecommuting, home-based business operations, and composite increases of individuals that are working from home through telecommuting and home-based businesses. The base assumption is that on any given workday within the MAG Region, 14 percent of the civilian work force is not commuting into a central place of employment. This base number has already been accounted for as part of the calculations in the total number of weekday labor force trips within each table. Also, the scenarios as presented in the tables are indicative of today's labor force and current population, and do not account for future economic or population growth. Each table is based upon a total of 2,098,257 commute trips per weekday. This figure has been calculated to reflect the total Labor Force of Maricopa County as displayed on Table 3, located in Chapter Two of this document, and has been adjusted to reflect the approximated 14 percent of the workforce that is already working at home. Aside from the current base of 14 percent, Tables 12 through 14 provide insight on the total reduction in annual miles traveled, if in fact the number of people staying home through telecommuting or the operation of home-based businesses increase by percentiles of 2.5 and 5.0 percent.

Table 12 addresses telecommuting scenarios for the region, and proposes 2.5 and 5.0 percent increases in the number of people that telecommute on a weekly basis. For example, if an additional 2.5 percent of the labor force begins to telecommute one day per week, it will result in a total annual reduction of 6,609,350 vehicle miles traveled; whereas if there were a total increase of 5.0 percent in people who decided to telecommute one day per week, this would result in an annual reduction of 13,219,300 vehicle miles traveled. The table also considers a scenario where individuals

telecommute two days per week, opposed to one. Under this scenario, if the total number of people that telecommuted two days per week increased by 2.5 percent, it would result in an annual reduction of 13,219,300 vehicle miles traveled; whereas if there were an increase of 5.0 percent in the total number of people that telecommuted two days per week, it would result an annual reduction of 26,437,950 vehicle miles traveled.

**TABLE 12  
TELECOMMUTING SCENARIOS FOR MARICOPA COUNTY**

<b>ONE DAY PER WEEK TELECOMMUTING SCENARIO</b>				
<b>2000 Vehicle Commute Trips per Weekday</b>	<b>Increase in Percentage of Telecommuters Working at Home</b>	<b>Reduction in Weekly Vehicle Trips</b>	<b>Reduction in Weekly Vehicle Miles Traveled<sup>2</sup></b>	<b>Reduction in Annual Vehicle Miles Traveled<sup>3</sup></b>
2,098,257 <sup>1</sup>	2.5%	10,491	132,187	6,609,350
	5.0 %	20,983	264,386	13,219,300
<b>TWO DAY PER WEEK TELECOMMUTING SCENARIO</b>				
2,098,257 <sup>1</sup>	2.5%	20,983	264,386	13,219,300
	5.0%	41,965	528,759	26,437,950

<sup>1</sup>2000 Total Employment (See Table Number 5) minus 10% for home-based businesses (source: RPTA 2000 TDM Survey, Table 18) and 4% for telecommuting/compressed work schedules (source: ibid, Table 16) times 2 commute trips per day divided by 1.2, the average vehicle occupancy for commute trips by all modes (i.e. SOVs, carpools, vanpools, and bus) (derived from Table 15, ibid) which results in:  $(1,463,900 - 204,946) \times 2 / 1.2 = 2,098,257$  vehicle commute trips per average weekday in 2000. <sup>2</sup>Average one-way commute trip length in 2000 (source: ibid, Table 48) = 12.6 miles <sup>3</sup>Average number of weeks worked per year = 50

Table 13 addresses increases of 2.5 and 5.0 percent in the number of home-based business startups, and the number of individuals that will be working at home as a result of these. When considering a scenario that involves a 2.5 percent increase in home-based businesses, it is estimated that this number would result in an annual reduction of 33,047,300 vehicle miles traveled. When considering a 5.0 percent increase in home-based businesses, the result would be the reduction of approximately 66,095,200 annual vehicle miles traveled. These numbers are much higher than the commuting scenarios, primarily due to the fact that the number of individuals working within a home-based business venture would be employed within a primary residence for a period of five days within the workweek, and would not be commuting into a central place of employment.

**TABLE 13  
HOME-BASED BUSINESS (HBB) SCENARIOS FOR MARICOPA COUNTY**

2000 Vehicle Commute Trips per Weekday	Increase in Percentage of Individuals Employed in HBBs	Reduction in Weekly Vehicle Trips	Reduction in Weekly Vehicle Miles Traveled <sup>2</sup>	Reduction in Annual Vehicle Miles Traveled <sup>3</sup>
2,098,257 <sup>1</sup>	2.5%	52,456	660,946	33,047,300
	5.0%	104,913	1,321,904	66,095,200

<sup>1</sup>2000 Total Employment (See Table Number 5) minus 10% for home-based businesses (source: RPTA 2000 TDM Survey, Table 18) and 4% for telecommuting/compressed work schedules (source: ibid, Table 16) times 2 commute trips per day divided by 1.2, the average vehicle occupancy for commute trips by all modes (i.e. SOVs, carpools, vanpools, and bus) (derived from Table 15, ibid) which results in:  $(1,463,900 - 204,946) \times 2 / 1.2 = 2,098,257$  vehicle commute trips per average weekday in 2000. <sup>2</sup>Average one-way commute trip length in 2000 (source: ibid, Table 48) = 12.6 miles <sup>3</sup>Average number of weeks worked per year = 50

Table 14 provides an analysis for a composite increase of both telecommuting and home-based business operations, and considers the overall reductions in the number of vehicle miles traveled throughout the course of the year. Basically, Table 14 is a combination of the data contained in Tables 12 and 13. As displayed in Table 14, if there were a total increase of 2.5 percent of both home-based businesses and individuals who telecommuted one day per week within the MAG Region, it would result in the reduction of 39,656,600 annual miles traveled. Under this scenario, a 5.0 percent increase would result in a reduction of 79,314,500 annual vehicle miles traveled. When considering a composite of individuals who telecommute two days per week and operate home based businesses, a 2.5 percent increase would result in a total reduction of 46,266,550 annual vehicle miles; whereas a 5.0 percent increase would result in a total reduction of 92,533,150 annual vehicle miles.

Table 15 represents a composite of Tables 12 through 14, and identifies the total reduction in annual vehicle miles traveled as specified by four individual scenarios. As specified within Table 15, Scenario A represents a 2.5 percent increase in the number of people who own home-based businesses and telecommute one day per week; Scenario B represents a 2.5 percent increase in the number of people who own a home-based business and a telecommute two days per week; Scenario C represents a 5.0 percent increase in the number of people who own a home-based business and telecommute one day per week; and Scenario D represents a 5.0 percent increase in the number of people who own a home-based business and telecommute two days per week.

**TABLE 14  
COMPOSITE TELECOMMUTING/HOME-BASED BUSINESS SCENARIOS FOR  
MARICOPA COUNTY**

<b>ONE DAY PER WEEK TELECOMMUTING PLUS HOME-BASED BUSINESSES</b>				
<b>2000 Vehicle Commute Trips per Weekday</b>	<b>Increase in Percentage of Employees Working at Home</b>	<b>Reduction in Weekly Vehicle Trips</b>	<b>Reduction in Weekly Vehicle Miles Traveled<sup>2</sup></b>	<b>Reduction in Annual Vehicle Miles Traveled<sup>3</sup></b>
2,098,257 <sup>1</sup>	2.5%	62,947	793,132	39,656,600
	5.0%	125,896	1,586,290	79,314,500
<b>TWO DAY PER WEEK TELECOMMUTING PLUS HOME-BASED BUSINESSES</b>				
2,098,257 <sup>1</sup>	2.5%	73,439	925,331	46,266,550
	5.0%	146,878	1,850,663	92,533,150

<sup>1</sup>2000 Total Employment (See Table Number 5) minus 10% for home-based businesses (source: RPTA 2000 TDM Survey, Table 18) and 4% for telecommuting/compressed work schedules (source: ibid, Table 16) times 2 commute trips per day divided by 1.2, the average vehicle occupancy for commute trips by all modes (i.e. SOVs, carpools, vanpools, and bus) (derived from Table 15, ibid) which results in:  $(1,463,900 - 204,946) \times 2 / 1.2 = 2,098,257$  vehicle commute trips per average weekday in 2000. <sup>2</sup>Average one-way commute trip length in 2000 (source: ibid, Table 48) = 12.6 miles <sup>3</sup>Average number of weeks worked per year = 50

Each of the scenarios represents how many travel miles will be eliminated on an annual basis. The minimum reduction, as specified by Scenario A, is a total of 39,656,600 vehicle miles during the course of a year; whereas the maximum reduction, as assumed under Scenario D, reflects a total reduction of 92,533,150 miles traveled over the course of a year. Although these are general assumptions, the underlying premise concludes that if more individuals telecommuted, operated a business out of their home, or made other arrangements to stay and work at home throughout the course of a workweek, that there would in fact be a measurable, positive impact on congestion and a total reduction in vehicle miles traveled on the regional road system. In addition, each of the four scenarios may have a positive, measurable impact on the environment; and may also lead to lower levels of emissions within the MAG Region.

**TABLE 15**

<b>TOTAL REDUCTION IN VEHICLE MILES TRAVELED IN MARICOPA COUNTY</b>		
<b>SCENARIO</b>	<b>DESCRIPTION OF COMPOSITE WORKING AT HOME SCENARIO</b>	<b>Total Reduction in Annual Vehicle Miles Traveled</b>
<b>A</b>	2.5 % Composite Increase in One Day Telecommuting and Home Based Businesses	39,656,600
<b>B</b>	2.5 % Composite Increase in Two Day Telecommuting and Home Based Businesses	46,266,550
<b>C</b>	5.0% Composite Increase in One Day Telecommuting and Home Based Businesses	79,314,500
<b>D</b>	5.0% Composite Increase in Two Day Telecommuting and Home Based Businesses	92,533,150

Source: Maricopa Association of Governments

Table 16 identifies the reduction in annual emissions in Maricopa County based upon the four composite working scenarios identified within Tables 12 through 15. More specifically, the table displays the annual reduction by scenario in English tons for Carbon Monoxide, Volatile Organic Compounds (VOCs) and PM-10. As concluded by the findings that are identified within Table 16, under the minimum telecommuting and home-based business scenario (A) there will be a total elimination of 403 tons of carbon monoxide, 61 tons of VOCs, and 42 tons of PM-10 from the air. The maximum scenario (D) concludes that a 5 percent increase in the labor force that commutes two times per week, in addition to a 5 percent increase in the number of individuals that operate home-based businesses, will result in the removal of 940 tons of carbon monoxide, 143 tons of VOCs, and 97 tons of PM-10 from the air within Maricopa County.

From a broader regional perspective, as specified by MAG transportation models for Vehicle Miles Traveled (VMT), there are a total of over 70,000,000 vehicle trips that are made on any given day within the greater Phoenix region and less than one-third of such trips are attributable to employment-based activities. Employment-based trips alone are not primary contributors to pollutants that are emitted into the atmosphere. However, they do substantially contribute to the overall air quality of the metropolitan region and Maricopa County in its entirety. Cumulatively, when comparing the most ambitious scenario as presented on Table 16, Scenario D represents less than one percent of all composite pollutants that are emitted into the atmosphere within a given year.

**TABLE 16**

<b>REDUCTION IN ANNUAL EMISSIONS IN MARICOPA COUNTY BASED UPON COMPOSITE WORKING AT HOME SCENARIOS</b>				
<b>SCENARIO</b>	<b>ANNUAL REDUCTION IN ENGLISH TONS BY POLLUTANT</b>			
	<b>TOTAL ANNUAL REDUCTION IN VEHICLE MILES TRAVELED</b>	<b>CARBON MONOXIDE (CO)<sup>1</sup></b>	<b>VOLATILE ORGANIC COMPOUNDS (VOCs)<sup>1,2</sup></b>	<b>PM-10<sup>3</sup></b>
<b>A</b>	39,656,600	403	61	42
<b>B</b>	46,266,550	470	72	49
<b>C</b>	79,314,500	806	123	83
<b>D</b>	92,533,150	940	143	97

Source for emissions: Maricopa Association of Governments

<sup>1</sup> Emission factor calculations were generally consistent with the Draft Documentation for the Onroad Mobile Source Portion of the 1999 Periodic Carbon Monoxide (CO) Emission Inventory and the Draft Documentation for the Onroad Mobile Source Portion of the 1999 Periodic Ozone (O3) Emission Inventory for light duty gasoline vehicles and trucks. <sup>2</sup> VOC emissions react with other pollutants in the presence of sunlight to produce ozone. <sup>3</sup> Emission factor calculations were generally consistent with the Serious Area PM-10 Plan and reflect 2001 conditions for all onroad vehicle types.

However, even though pollutant reductions as calculated and displayed in Table 16 contribute to less than one percent of all emitted pollutants in the region on an annual basis, the reductions should not be dismissed as insignificant to the overall goal of enhancing the quality of air throughout the region. In fact, the reductions as identified on Table 16, in addition to other measures designed to reduce emissions, would represent a significant component in relation to all other efforts that are currently designed to enhance regional air quality. Efforts designed to promote telecommuting through the region, and to enhance regulatory opportunities for individuals to operate businesses from home will continue to reduce trips throughout the region, and lead to improved air quality.

**POTENTIAL IMPACTS OF HOME-BASED BUSINESSES AND TELECOMMUTING ON TRAFFIC CONGESTION AND PUBLIC SAFETY**

As identified throughout the chapter, the MAG Region has experienced increasing levels of traffic congestion and public safety issues. Traffic congestion on regional

arterial roads and intersections throughout the region, in addition to congestion on various sections of major freeways has continued to increase over the years, resulting in reduced travel times and inefficient levels of regional mobility during periods of peak travel. Along with increasing levels of congestion, there is a higher susceptibility to pedestrian and vehicular accidents.

Due to the tremendous population growth that is taking place in Maricopa County, and the rising number of new jobs associated with a growing, vibrant economy in the region, it is anticipated that levels of traffic congestion will continue to increase in the future. Some of the more common problems associated with this congestion will result in inefficient arterials and intersections, increased travel times, and reductions in the overall rates of speed throughout the region pertaining to vehicular mobility. Although a movement toward alternative modes of transportation is an option to reducing higher levels of congestion, an expanding populace is of concern. At present, the metropolitan area is in the process of expanding the regional freeway system; offering increased bus service and initiating a light rail corridor with possible extensions.

In addition to concerns over levels of congestion, it is common knowledge that the increase in vehicular traffic volumes will also result in increased accidents throughout the region. As displayed by Table 10, there was a 29.8 percent increase in the number of accidents within Maricopa County between the years of 1994 and 2000, which is a period that also had substantial population growth and intensive residential development. Further population growth, and increasing levels of residential, commercial and industrial development will place a higher demand on existing and future transportation networks within the region, thereby increasing traffic volumes and increasing the potential for higher accident rates over time.

An option to alleviate regional congestion would involve selecting alternative modes of transportation; another method would involve the reduction in the number of vehicles that are normally utilized to commute into a central place of employment on a given workday. Although the effects of vehicular reduction on congestion during peak employment hours are not readily quantifiable, it is certain that fewer cars on the regional road network during a given period of time would be beneficial in terms of contributing to traffic reduction. Also, fewer vehicles on the regional network could also have positive impacts on reducing the number of accidents.

When considering home-based employment, individuals that are taking the time to work at home on a selected workday are not utilizing their vehicles for employment trips. This reduces the overall number of vehicles upon the arterial road network and freeway system within the MAG Region during periods of peak demand. Therefore, it can be concluded that home-based business owners and telecommuters assist in the reduction of vehicles that are on the regional road network, and assist in the alleviation and reduction in the levels of traffic congestion and emissions, which may have a positive impact on the environment. Such reductions in vehicles could also have positive ramifications on public safety, thereby leading to the reduction of pedestrian and

vehicular accidents. In addition, there are also private cost savings and amenities that are associated with home-based employment, which include reduced fuel and auto repair costs; reduced insurance premiums; lower auto depreciation due to a lesser amount of total miles traveled; and the opportunity for increased personal and recreational time by reducing the amount of time normally expended on commuting to and from work.

## Chapter Footnotes

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1. Maricopa Association of Governments, *MAG Congestion Management System Alternatives: Final Report*, April 1994.
2. Maricopa Association of Governments, *1998 MAG Regional Congestion Study*, Pages 34-48, September 2000.
3. Maricopa Association of Governments, *1998 MAG Regional Congestion Study: Executive Summary*, September 2000.
4. Maricopa Association of Governments, *MAG 2001 Long Range Transportation Plan – 2001 Update*, Page 14-2, July 2001.

# **CHAPTER FIVE**

## **POTENTIAL IMPACTS OF HOME-BASED BUSINESSES ON LOCAL GOVERNMENTS**

This chapter is intended to address a variety of potential impacts that are associated with municipal home-based business and employment activities throughout the MAG Region. In an effort to collect municipal input regarding the impacts of working at home, MAG distributed a survey to each city and town located within the region. The following information within this chapter will address the findings of the *Community Home-Based Business Survey*, and consider how these identified concerns and issues can potentially impact local communities. In addition to the survey, a number of additional concerns and ongoing planning issues and policies were also taken into consideration. By collectively obtaining a variety of professional and technical input, in addition to other forms of input, this chapter attempts to provide a base understanding of the range of issues associated with the home-based employment sector of the economy in the MAG region.

Considering the recent economic and demographic growth trends in Maricopa County, in conjunction with the fact that ongoing technological advances are more accessible to the public, the region can anticipate a growing number of people who are working from home. This chapter provides a better understanding of some of the base issues that should be considered by municipalities prior to implementing guidelines (if any), updating ordinances, or readdressing existing municipal policies.

The following sections consider the future of home-based employment activities within the MAG Region; address the results of the *Community Home-Based Business Survey*; and provide additional insight on a number of issues and topic areas surrounding the concept of employment from home within residential neighborhoods.

### **THE FUTURE OF HOME-BASED EMPLOYMENT WITHIN THE MAG REGION**

Recent trends in national and state employment suggest that there will be an increase in the number of home-based businesses that are operating throughout the region in the immediate and long-term future. As discussed in earlier chapters, rapid increases in available technology and the proliferation of telecommunications and the Internet has created a new opportunity for individuals to conduct and operate business ventures

from their primary residence. In addition, the number of people who are starting to telecommute on a regular basis is expected to increase.

This increase in the number of people at home conducting some aspect of employment will create a situation that will require a better understanding and assessment of existing zoning regulations. At present, the majority of communities located throughout the MAG Region have placed a number of restrictions on home employment activities. Although these ordinances are intended to uphold the general health, safety and welfare of the people residing in residential neighborhoods, many of them may have a tendency to be over restrictive toward lower impact employment activities, and are essentially based on outdated zoning principles from an industrial-era economy.

Structural changes in the economy over the past fifty years have resulted in a revolutionary transition from an industrialized society to an idea-driven economy based on modern technology. Today's new economy is based on advanced communications; technological options that allow people easy access to information; and the ability to transfer data via the Internet. Although not all home employment activities are necessarily "*New Economy-oriented*" per se, statistical data suggests that a majority of employment conducted from home is non-obtrusive, or considered to be of a low-impact nature. Such activities are less apt to be a nuisance to the immediate neighborhood, and are not aesthetically compromising to a residential area's overall character.

As addressed in Chapter Two of this study, trends associated with individuals working at home suggest that approximately 60 percent of people conducted business utilizing a computer, and that 9 out of 10 workers conducting paid work from home were employed within white-collar positions. In a report from 1992, the U.S. Census Bureau reported that 82 percent of all individuals operating at home were owner-operated and did not have an employee on the premises. This would suggest that a majority of individuals within residences are conducting work that may not necessarily be visible, or detrimental to the community.

In 1997, the U.S. Department of Labor reported that over 4 million people operated a business from home, and that over 21 million people throughout the nation completed some aspect of work at home during a normal workweek. Another interesting study conducted for the U.S. Small Business Administration during the 1990s suggested that approximately 50 percent of all sole proprietorships, partnerships and S corporations within the State of Arizona were operated from a primary residence. Also, a recent survey conducted by the Regional Public Transportation Authority (RPTA), located in Phoenix, found that approximately nine percent of the employed work force regularly telecommuted from their jobs on a weekly basis. These numbers suggest that a sizeable percentage of the overall work force within the MAG Region is already currently engaged in some aspect of home-based employment throughout the course of a standard workweek.

Considering the fact that technology is advancing and the work-sector is changing due to people initiating home-based businesses and opting to telecommute on a regular

basis, in conjunction with recent efforts to promote telecommuting as a viable solution to reducing regional congestion and enhancing the environment, it is certain that the number of people choosing to engage in employment at home will continue to increase over the years. Such anticipated increases in the number of people at home will certainly have impacts on communities at the local level. Municipal governments will have to address the magnitude of these impacts, if significant at all, and consider how to accommodate or regulate these activities over the course of time. In an attempt to provide further insight into this area, MAG initiated a Community Home-Based Business Survey, which is described in further detail in the remaining sections of this chapter.

## **COMMUNITY HOME-BASED BUSINESS SURVEY**

During 2002, MAG distributed a *Community Home-Based Business Survey* (See Appendix A) to the 24 cities and towns located within Maricopa County. The purpose of this survey was to gain valuable input from the member governments of the MAG Region with regard to primary home-based business issues. The survey was specifically distributed to professional-level individuals who spend a considerable amount of their time in the professional planning field, or serving within an ongoing capacity of either enforcing or actively regulating ordinances or provisions for home-based employment activities at the municipal level. The *Community Home-Based Business Survey* was distributed to city and town managers, clerks, planning directors, planning managers, zoning administrators, and senior-level municipal planning staff, and represents a comprehensive cross section of various backgrounds dealing with a variety of issues regarding home-based employment. The survey was initially sent out by mail, and follow-up phone calls were placed in an effort to ensure active involvement and community representation. Upon completion of final tabulations, there was a total response rate of 92 percent, as 22 of the 24 municipalities within the MAG Region participated in the survey.

The *Community Home-Based Business Survey* was intended to serve several purposes within the context of this study. Questions were asked within three general categories in an effort to ascertain a variety of concerns and issues regarding the operation of home-based businesses within community neighborhoods. As displayed in Appendix A, the *Community Home-Based Business Survey* was divided into general municipal issues regarding the operation of a home-based business; community permitting and enforcement information; and questions concerning the development of a model home-based business ordinance. A summary section located at the back of the survey was also included, and allowed for the provision of additional comments related to home-based businesses at the municipal level.

The first series of questions (Numbers 1 through 5) within the survey were intended to identify issues surrounding the operation of home-based businesses within municipalities. This section focused upon the perceived impacts that these particular types of businesses have on residential neighborhoods. By identifying the positive and negative impacts of home-based businesses, each city or town is able to assess current

conditions, and to also identify any concerns that may be associated with their operation within local neighborhoods. Other efforts were made to identify the potential effects that home-based businesses may have on municipal services and utilities; local traffic congestion and parking; and whether there is a perceived municipal concern over the pick-up and delivery of packages, as well as the excess traffic congestion that may be associated with the provision of such delivery services.

The second section of the *Community Home-Based Business Survey* (Numbers 6 through 13) was focused on obtaining factual information regarding the local regulatory process. This section involved the collection of information on permitting; methods of regulation; types of use; levels of restrictiveness toward the operation of home-based businesses; and questions concerning the possible need to modify, or rewrite existing ordinances. The third section of the survey (Numbers 14-18) was intended to obtain valuable information concerning the proposed development of a model home-based business ordinance.

Although the Survey is not an all-inclusive device, the process has in fact resulted in obtaining a sufficient number of responses from the MAG Region's planning community. Such information has offered valuable insight into the issue of home-based employment. The obtained input received from the survey process, in conjunction with an extensive review of inventoried items pertaining to zoning, land use, transportation, municipal services, and a variety of economic considerations and environmental issues, was considered in establishing recommendations and guidelines for home-based employment, as provided in Chapter 6 of this document.

The following section of this chapter addresses the results of the *Community Home-Based Business Survey*, as received from the cities and towns of the MAG Region during 2002. The information contained within this section addresses the following items: the positive and negative impacts of home-based businesses; effects on local utilities; local traffic congestion and parking; community permitting and enforcement information; and a variety of overlying concerns pertaining to potential impacts that home-based employment has on local communities.

## **POSITIVE IMPACTS OF HOME-BASED BUSINESSES**

This section will provide an overview of items that were identified throughout the community survey process (Number 1 on the survey) as providing positive benefits to local cities and towns. In accordance with the survey, the items provided below have been identified as the most significant factors to consider when supporting efforts to advance the existence and operation of home-based businesses in local residential neighborhoods. The identified positive impacts of home-based businesses are as follows:

## **A Sense of Security in Neighborhoods**

One of the positive aspects of working from home provides a local neighborhood with a sense of security. Many survey respondents felt that having a neighborhood presence during the day was a deterrent to crime, and that having more individuals at home provided a neighborhood with opportunities to watch for suspicious activities during the day when many people were away working. This also allowed for a sense of provided security, especially when “latch key” children arrived at the end of the day from school to homes without a parent present.

## **A Reduction in Traffic on Main Roads During Peak Traffic Hours**

Another positive impact on communities is that home-based businesses and home-based employment activities are keeping people at home. Every job at home eliminates the need to travel to a place of work, thereby reducing the amount of traffic on roads during peak a.m. and p.m. “rush hour” commuting periods. This topic was covered in detail in the previous chapter, and was identified as one of the primary advantages that home-based employment offered to the community and region at large. Many communities saw this as a very important element when assessing the benefits of home-based employment. Also, as discussed at length in the previous chapter, there are considerable environmental benefits that are associated with the reduction of traffic and congestion, and the amount of vehicle miles traveled. Reduced traffic volumes, less pollutants emitted into the atmosphere, and reductions in local and regional traffic congestion are all positive benefits of working at home.

## **Increased Business Opportunities**

As part of the *New Economy* movement, many entrepreneurs are successfully creating businesses out of their homes and expanding operations into larger facilities. Home-based businesses are seen as positive attributes to local communities. It is believed that if businesses are very successful, they are more apt to relocate into a local small business incubator, or find available space elsewhere within the community as the business grows. From an economic development perspective, these businesses provide opportunity for further growth and expansion, create local jobs, and enhance the local tax base of the community.

Many municipalities, as well as local business and economic development organizations, work very closely with business startups through the provision of business development assistance and economic development retention efforts. In the economic development arena, it is becoming harder to “attract” profitable firms from other areas, and many cities and towns are becoming more focused on providing retention services to the existing businesses within the community. Although not all home-based business endeavors will expand operations, it is important for communities to realize that this potential exists, and that they work accordingly with newer

entrepreneurs in order to work toward a stronger local economy. By creating a favorable environment for home-based businesses, communities could ultimately benefit through their potential growth and development.

### **Provide Necessary Local Community Services**

Another aspect of home-based businesses is the provision of services to citizens within the community. By home-based business owners offering a variety of services ranging anywhere from childcare and minor repairs to tax preparation, citizens of the neighborhood are able to maintain a closer range of services. This also allows residents to make purchases and spend money within the municipality, as opposed to possibly traveling to adjacent communities to purchase goods or services. Spending money on neighborhood services leads to increased sales tax revenues, and enhances the local tax base.

### **NEGATIVE IMPACTS OF HOME-BASED BUSINESSES**

This section will provide an overview of items that were identified throughout the community survey process (Number 2 on the survey) as potentially having negative consequences on local neighborhoods. In accordance with the survey, the items provided below represent a number of adverse factors associated with the presence of home-based businesses, and have been identified as follows:

#### **Increased Deliveries in Local Neighborhoods**

A commonly identified problem area that was noted concerns the excessive delivery of packages, and the rising number of delivery trucks within residential neighborhoods. A notable change in residential neighborhoods over the years has been the increase of UPS, Fed Ex and U.S. Postal Service trucks, as well as deliveries by numerous other sorts of courier services. This has created some problems with regard to issues such as increased traffic and neighborhood noise.

Although this was identified as being a problem with home-based businesses throughout the region, in most cases, it is very difficult to assess just how many of these trucks were affiliated with “home-based businesses” per se. Considering the increases in e-commerce over the last decade, many individuals order items from the Internet and have them delivered to their homes. Not all of such transactions are affiliated with home-based businesses. It is difficult to say how such an item would necessarily be enforced, and whether individuals that are working at home are the primary reason for the noticeable increases in deliveries within local neighborhoods.

## **Influx of Outsiders Into Neighborhoods**

While an increase in the number of individuals that were able to stay at home was identified as a “positive” in the sense that they could watch the neighborhood, the number of individuals coming into the neighborhood throughout the course of the day was also identified as a negative consequence. Through home-based employment, there is a possibility that a variety of individuals will come into the neighborhood on any given day. This could be through deliveries, clients, contractors, and other people that may have some form of association with the home-based business operation. Again, while this is certainly a concern, a like argument could be made for the fact that many residential property owners have a certain amount of company at any given period of time throughout the week. Therefore, to suggest that visitors associated with a home-based business operation would present a higher risk factor in terms of suspicion or crime-related activities, above that of normal visitors throughout the course of the week is difficult to adequately assess, and may not be a factor.

## **Outside Storage of Vehicles and Supplies**

An item listed as a negative consequence through the survey process concerned the outside storage of vehicles and supplies affiliated with home-based businesses. Many ordinances prohibit such items, especially in an attempt to rid neighborhoods of unpleasing aesthetic situations, and to avoid the exterior presence of “conducting a business” within a residential setting. However, the exterior presence of supplies and vehicles may in fact be a problem within communities that do not have adequate zoning provisions, or do not have sufficient staff for enforcement issues. Depending upon the level of restriction that a community would like to place upon such an activity, a more focused ordinance with comprehensive guidelines and enforcement provisions would certainly alleviate any negative factors within a residential neighborhood.

## **Neighborhood Complaints**

Neighborhood complaints of home-based businesses in some communities are commonplace. In situations where home-based businesses consist of higher impact activities that are not properly regulated or enforced, there could be adverse issues associated with odor, dust, light, noise, or other possible nuisances. Many communities adopt performance standards to alleviate the possibility of nuisances that can create problematic conditions to adjacent homeowners. However, in many communities home-based businesses and associated employment activities are not adequately monitored or enforced, which can lead to a variety of issues. In other communities, the only time a home-based business is ever monitored is when a local resident conveys a complaint to the local planning department. Many communities can alleviate such issues by addressing their existing ordinance, making appropriate changes and enforcing unapproved, high-impact activities that are out of compliance with municipal standards.

## **Difficulty in Identifying Home-Based Businesses in Neighborhoods**

Many home-based businesses that are operating within neighborhoods often go unnoticed, because the majority of activities that are associated with them are contained within the interior confines of a primary residential structure. Also, many businesses do not register with the municipality, and may operate illegally. The fact that many of these businesses operate in obscurity substantiates the point that many businesses in today's workforce are unobtrusive, and have a tendency to utilize personal computers and operate without visible, exterior appearances. Home-based businesses that rely on computers and Internet access are not a noticeable nuisance to the neighborhood, or to the community at large. However, from a registration and licensing perspective, such businesses that operate illegally create a problem for communities by not registering, and paying the associated permit or business license fees. Not only does this create a tracking, registering and enforcement issue for some municipalities, but it also creates a "leakage" in community-assessed funds that could be generated from these businesses.

## **Conflicts Between CC&R's and Municipal Regulations in some Neighborhoods**

Another identified impact that negatively reflects on home-based businesses has to do with the differences in regulatory provisions and guidelines between homeowners associations and municipalities. Homeowners associations are governed by adopted Covenants, Conditions and Restrictions (CC&R's) that are adhered to and enforced within local residential developments. Often times, the requirements and restrictions between the homeowners association and local municipality can be different. This presents a situation where the enforcement of home occupation and home-based employment activities within a neighborhood association may be more stringent than local zoning and enforcement provisions. Also, the situation could be reversed, where activities that are allowable within a local neighborhood may in fact be less stringent than municipal codes.

## **Complaints of Unfair Business Practices**

In some communities, there have been complaints of unfair business practices associated with home-based businesses. Within one MAG member community in particular, several commercial establishments have filed complaints over home-based businesses. Such complaints claim unfair business practices, primarily due to the fact that home-based businesses are not required to pay commercial rents or additional commercial trash collection and utility rates.

## **Lack of Zoning Enforcement**

Another negative issue associated with home-based businesses concerns zoning enforcement, and the way in which home-based businesses are regulated. Many

communities throughout the region do not adequately enforce home occupations, or home-based businesses on a consistent, regular basis. Enforcement policies have been identified as being inadequate in many circumstances, and are in need of being reviewed and implemented more consistently, as opposed to being carried out on a citizen “complaint basis” only. Also, many cities and towns in the MAG Region are unable to adequately track, regulate and enforce home-based businesses due to lack of funding, limited staff, and a variety of other reasons.

## **EFFECTS ON LOCAL UTILITIES**

One common perception regarding home-based businesses in the MAG Region is that home-based employment has an impact on local utilities. The *Community Home-Based Business Survey* assessed questions (Number 3 on the Survey) related to the effects of home-based businesses on local water, sewer, gas and neighborhood trash collection. Of all respondents that were surveyed, none stated that there was any direct evidence of adverse utility usage, or excessive burdens that were placed on municipal utilities. However, when presented with this particular question, many were uncertain about whether an impact existed.

According to the survey, 59 percent of those surveyed did not consider home-based businesses to have an impact on local water usage, whereas 41 percent stated that it was unknown. When addressing the local sewer system, and potential impacts that businesses may have on the overall capacity of the sewer system serving local communities, 55 percent stated that an adverse effect did not exist; whereas and the remaining 45 percent stated that it was unknown. Similarly, 55 percent stated that neighborhood home-based businesses did not have a direct impact on local gas service, and 45 percent stated that it was unknown.

The final question on the survey pertaining to businesses in local communities addressed the issue of local trash pickup. Municipal trash collection certainly represents the most visible aspect of local utilities. According to the survey, 59 percent stated that trash collection was not adversely impacted, and the remaining 41 percent of respondents said that it was unknown.

At present, many communities throughout the region maintain provisions within their municipal zoning ordinances that limit the excessive utility usage of home-based businesses. These provisions are common, not only in the region, but throughout many states in the country. Although such provisions are in place, it is not the opinion of the municipal professionals who responded to the survey that utility usage from home-based business activity has any sort of impact on local neighborhoods within the MAG Region. While it is realized that each community has differences and specific concerns, communities may opt to conduct an in-depth impact analysis in order to fully assess the effects of businesses in residential neighborhoods.

**TABLE 17**

<b>COMMUNITY HOME-BASED BUSINESS SURVEY ADVERSE EFFECTS OF HOME-BASED BUSINESSES ON UTILITIES</b>			
<i>Question: Have Home-Based Businesses had an adverse effect on the following utilities?</i>			
	<b>YES</b>	<b>NO</b>	<b>UNKNOWN</b>
Water	0.0%	59.0%	41.0%
Sewer	0.0%	55.0%	45.0%
Gas	0.0%	55.0%	45.0%
Trash Collection	0.0%	59.0%	41.0%

### **LOCAL TRAFFIC CONGESTION AND PARKING**

This section addresses the issue of traffic congestion and parking associated with home-based businesses. It also addresses concerns regarding the delivery and pickup of packages in local residential neighborhoods. The following information is based on a series of questions (Numbers 3 through 5 on the survey) that were presented to respondents throughout the MAG Region, and collectively assesses community concerns regarding home-based businesses and associated neighborhood transportation issues.

#### **Home-Based Employment and Local Traffic Congestion**

Considering the rapid growth occurring throughout the MAG Region, and the anticipated levels of population growth that are expected to occur in the future, one area of concern is regional traffic congestion and how the region will address this issue in the future at both the local and regional levels. This subject was addressed in relative detail in the previous chapter, where examples were provided for individuals staying at home and the consequences that it had for the MAG Region in terms of pollution abatement and the reduction of traffic on area roads and freeways. When assessing neighborhood home-based businesses and employment activities, a number of concerns expressed by several communities were specifically related to local traffic congestion.

When asked whether home-based businesses had an adverse impact on local traffic congestion, the survey results indicated that 23 percent of respondents said yes, 23 percent stated that it was unknown, and the remaining 54 percent said that it was not an area of concern. Local traffic congestion generated from home-based businesses can

be associated with deliveries and shipments made by trucks and vans, visits by clients, periodic trips made by the primary resident, or people associated with the business. Contributing factors associated with local traffic congestion are neighborhood parking and deliveries, which are addressed in the following sections located below.

### **Parking in Residential Neighborhoods**

Another question concerning the potential impacts of home-based businesses in residential neighborhoods was concerned with neighborhood parking. When asked whether home-based businesses created an adverse effect on neighborhood parking, 36 percent of respondents said yes, 46 percent said no, and the remaining 18 percent said it was unknown. However, a number of communities that responded to the survey stated that parking from home-based businesses was a serious issue. Several communities have consistently responded to citizen complaints about parking and affiliated noise issues. While the survey indicates that the majority of respondents said parking was not an issue, or responded by saying that it was unknown, the final results identified this as an area of concern.

Neighborhood parking provisions affiliated with home-based businesses are typically included within municipal ordinances. Although only 36 percent of respondents said that parking was a problem, the majority of communities regulate traffic and parking issues within their respective communities. According to information provided in Table 6, located on page 64, 15 out of 22 communities in the MAG Region currently regulate traffic and parking in local residential neighborhoods.

### **Delivery and Pickup of Packages in Local Residential Neighborhoods**

According to the *Community Home-Based Business Survey*, when asked whether the delivery and pickup of packages related to home-based businesses presented a problem within the community, 41 percent of the respondents said no, 41 percent said that it was unknown, and the remaining 18 percent stated that deliveries were somewhat of a problem. At present, a total of 7 communities, or 29 percent of all municipalities within the MAG Region currently provide provisions within their municipal zoning ordinances for the regulation of deliveries to local homes.

Although communities provide regulations for the number of deliveries, the presence of deliveries in neighborhoods is somewhat difficult to enforce, and may be handled on a “complaint basis” only. Also, the problem of neighborhood deliveries is further exacerbated by the increasing amount of e-commerce that is taking place through the Internet. The most difficult part of this particular issue is to determine how much of the delivery traffic is actually oriented toward home-based businesses, and how much is actually coming from private citizens who ordered products from home. The availability of personal computers and Internet access, and the number of private citizens that are ordering products as part of e-commerce related activities is increasing significantly. It

has become somewhat difficult to confirm whether the issues and concerns contributing to the rising number of delivery trucks in residential neighborhoods is primarily due to home-based businesses.

**TABLE 18**

<b>COMMUNITY HOME-BASED BUSINESS SURVEY</b>			
<b>ADVERSE EFFECTS OF HOME-BASED BUSINESSES ON LOCAL TRAFFIC, PARKING AND NEIGHBORHOOD DELIVERIES</b>			
<i>Question: Have Home-Based Businesses had an adverse effect on the following?</i>			
	<b>YES</b>	<b>NO</b>	<b>UNKNOWN</b>
Local Traffic Congestion	23.0%	54.0%	23.0%
Parking in Residential Neighborhoods	36.0%	46.0%	18.0%
Delivery and Pickup of Packages	18.0%	41.0%	41.0%

## **COMMUNITY PERMITTING AND ENFORCEMENT INFORMATION**

The following information highlights the findings of questions obtained from the second section (Questions 6 through 13) of the *Community Home-Based Business Survey*, which primarily addresses community permitting and enforcement information. The following information provides a brief overview of community regulation, permitting, current regulatory sources, type of use, adequacy of existing ordinances, and restrictiveness.

### **Regulation of Home-Based Businesses in the Community**

As previously stated, the MAG Region consists of 25 municipal governments. Each of the municipal governments located within Maricopa County maintain enforceable zoning ordinances, and 21 of these communities enforce home occupations, or home-based businesses. At present, the Cities of El Mirage and Litchfield Park, and the Town of Guadalupe do not regulate home occupations and residential business activities within their communities. The remaining 21 communities have provisions within their local ordinances that allow for the regulation of certain aspects of what a resident can do with their property with regard to operating a home-based business. Although the content of

each local municipal ordinance varies in accordance with local need and policies, the remaining cities and towns provide for a variety of ordinance restrictions with regard to home-based businesses.

### **Permits for Home-Based Businesses**

According to obtained survey results, about 62 percent of the communities located within the region presently require municipal permits for establishing and operating a home-based business within the community. Other communities may not require a permit, but may require a business license to operate a business from home. The types of permits vary by community, and proposed home-based businesses must adhere to local administrative procedures in order to comply with local rules and guidelines.

### **Current Regulatory Sources for Home-Based Businesses**

At present, all home occupations, or community home-based businesses in the MAG Region are enforced through local municipal zoning ordinances.

### **Type of Use**

Within the MAG Region, home occupations, or home-based businesses are permitted within communities as certain uses as specified within local municipal zoning ordinances. The type of use varies by municipality. According to the survey, in addition to information obtained from a community inventory and analysis process, the majority of home occupations, or home-based businesses are allowed as permitted uses. Within the region, home-based businesses are allowed as permitted uses in 11 communities; are subject to approval in 5 communities; are regulated as accessory uses in 5 communities; and are not permitted or enforced in 2 communities. Also, in the City of Glendale, a home occupation is based on the level of impact, and a Class I Home Occupation is allowed as an accessory use, and a Class II Home Occupation is allowed as a conditional use.

### **Adequacy of Existing Municipal Regulations Toward Home-Based Businesses**

When asked whether current ordinances or methods used for the regulation of home-based businesses within local communities were adequate, 55 percent stated yes, and the remaining 45 percent said that current ordinances were not adequate to effectively regulate home-based businesses. Of the respondents that said local ordinances were not adequate, 20 percent said that only limited, or minor text changes were needed to the existing provisions; 50 percent said that the inclusion of new regulatory language was needed in order to update the ordinance; and the remaining 30 percent stated that

a new ordinance for the regulation of home-based businesses would need to be adopted.

### **Restrictiveness of Existing Regulations**

The majority of respondents surveyed (95 percent) overwhelmingly stated that they did not consider their present municipal ordinances concerning home occupations, or home-based businesses, to be restrictive. Table 6, located on page 104, provides a number of common restrictions that are affiliated with the regulation of home-based business within the MAG Region. These restrictions are categorized by on-site sales; traffic and parking; display of signs; storage of Materials/use of mechanical equipment; shipping and receiving; hours of operation; additional employees; garage/accessory structures; noise, nuisances and hazards; exterior property changes; and excess utility use. Much of the information regarding existing provisions for the regulation and enforcement of home-based businesses can be found within Chapter 3 of this document. Also, the levels of restriction with regard to home-based business provisions are covered in further detail in the following chapter.

### **SUMMARY OF OVERLYING CONCERNS**

The purpose of this chapter was to assess potential impacts that home-based businesses may have on the cities and towns throughout the MAG Region, and to consider the input and findings of the *MAG Community Home-Based Business Survey*. Results obtained from the survey have provided a better understanding of municipal concerns with regard to home-based employment within local neighborhoods. Although the enforcement of home-based businesses within communities is subject to the local regulatory process, and may differ somewhat between municipalities, many of the impacts and concerns that were identified as part of the survey process were commonly shared issues by the majority of communities.

The positive impacts typically associated with working at home include offering a sense of security in the neighborhood by having individuals at home during the day; a reduction in traffic on main roads during peak travel periods; increased business opportunities; and the provision of local community services that are available to residents of the neighborhood. The negative impacts associated with home based businesses involve increased deliveries in local neighborhoods; an influx of outsiders into neighborhoods; the outside storage of vehicles and supplies; neighborhood complaints; difficulty of cities and towns in the identification of home-based businesses; conflicts between neighborhood Covenants, Conditions and Restrictions (CC&R's) and the local zoning ordinance; complaints of unfair business practices, and lack of local enforcement.

When considering other aspects of home-based businesses on local neighborhoods, some of the primary concerns that were specifically addressed involved their potential

impact on local utilities, neighborhood deliveries, traffic and parking. Also, as part of this study, a comprehensive overview and analysis was conducted with regard to common restrictions associated with the operation of a home-based business, and how these activities were regulated at the local level. Through an analysis of these factors, it has been possible to obtain a better understand of the existing enforcement policies; to identify overlying municipal concerns; and to assess the existing regulatory environment pertaining to a variety of conditions associated with the home-based business and employment sector.

In addition to the identification of positive and negative impacts, the majority of communities that were surveyed did not consider home-based employment to have an adverse effect upon local utilities, such as municipal water, sewer, gas and local trash collection. While the delivery of packages within neighborhoods was thought to be an area of potential concern, it was interesting to note that it was not identified as being a primary issue. Another finding of the survey suggests that many communities seem to be concerned with local traffic and parking issues that may be associated with the operation of a home-based business. This was also an area that was identified when communities were asked to provide a number of negative impacts that are encountered in local neighborhoods.

Aside from impacts and municipal issues pertaining to utilities, neighborhood deliveries, and traffic and parking, the second section of the survey consisted of information which was obtained on community enforcement issues. This section of the survey was helpful in confirming information from the communities that was identified during the inventory and analysis phase of the study. The information obtained from the first two sections of the survey will be assessed in more detail in the following chapter. The third section (Questions 14 through 17) of the *Community Home-Based Business Survey*, which addresses questions concerning the development of a model home-based business ordinance, will also be addressed in the following chapter of this study.

# **CHAPTER SIX**

## **RECOMMENDATIONS AND GUIDELINES FOR HOME-BASED BUSINESSES**

The previous chapters of this study have addressed technological advances associated with the New Economy, provided for an assessment of existing zoning ordinances with respect to home-based businesses, considered the potential impacts of home-based businesses on regional travel and congestion, and considered the results of a survey with respect to working from home. The purpose of this chapter is to consider the previous chapters and findings of this study as presented, and to provide recommendations and guidelines for home-based businesses and home-based employment activities within the MAG Region.

Specifically, this chapter addresses the following items: the history of zoning and home-based business regulation; the need to accommodate the emergence of the home-based business sector; regulatory overview and the need for reform; consideration of identified municipal issues and concerns; recommended guidelines for assessing the municipal regulatory process for home-based businesses; the structure of typical municipal home-based business ordinance provisions; provides recommendations and suggestions for operational standards; addresses area concerns and suggestions for the development of a model home-based business ordinance; and concludes by providing a home-based business ordinance for consideration.

### **A HISTORY OF ZONING AND HOME-BASED BUSINESS REGULATION**

Municipal zoning represents the principal means of regulating urban development in the United States, and is an exercise of the police power. By exercising the police power, local governments are essentially able to intervene in the lives of private citizens in order to protect the health, safety and welfare of the community at large. Each local legislative governing body is empowered by State enabling laws to officially adopt a community zoning ordinance. Aside from upholding the public health, safety and welfare of the local populace, the primary purpose of municipal zoning is intended to separate a community into specific use districts, or “zones,” which specify the permissible uses that are allowed in each district. The districts are then allocated throughout the municipality by means of an official zoning map, which is typically adopted as part of the ordinance.

Zoning in the United States originated from efforts to segregate noxious activities from residential areas, and to prevent land use incompatibilities at the neighborhood level. Some of the earliest attempts at “zoning” communities in this country can be traced back to the State of California during the late 1800s and early 1900s. Although the City of Los Angeles had adopted a “piecemeal” zoning ordinance in 1909, New York City is credited with adopting the first substantive municipal zoning ordinance in 1916.

In 1922 the U.S. Department of Commerce published the Standard State Zoning Enabling Act, which served as a model by which communities could adopt zoning. However, the constitutionality of zoning was first established in a landmark U.S. Supreme Court decision in 1926 (*The City of Euclid, Ohio vs. Amber Realty Company*). This particular case basically stated that municipal zoning was appropriate as long as it was designed to protect the public health, safety and welfare of a community. After the development of the Standard State Zoning Enabling Act and the 1926 Supreme Court decision, which substantiated municipal zoning, municipalities began to adopt zoning ordinances in record numbers, and municipal zoning became common throughout the country during the late 1920s, and into the 1930s. Although zoning was popular, the “widespread” impacts surrounding zoning were not realized until periods of rapid growth that occurred after World War 2.

Although zoning was initially intended to separate land uses, the inclusions of home occupation provisions were also developed in many of the earlier ordinances. Edward Bassett, an attorney responsible for structuring the early Standard State Zoning Enabling Act during the 1920s, was a nationally recognized zoning expert and testified in many early legal decisions surrounding the subject of municipal zoning. Bassett believed that the development and inclusion of home occupation regulations within zoning ordinances was a method intended to allow for a variety of nonconforming uses within neighborhoods that a community wanted to encourage, and that were generally accepted by residents; opposed to a number of nonconforming uses that a community discouraged from operating within residential neighborhoods, primarily due to the fact that they were detrimental to the local neighborhood, and considered a nuisance.

Many of the conditions associated with home occupation provisions during the 1920s commonly stated that the occupation should be customary within a residence; incidental to the primary use; and that the occupation would not be a “business.” Bassett implies that many of the earlier acceptable nonconforming uses, which were acceptable as home occupations within a neighborhood, included the offices of professionals, teachers, dressmakers and artists.<sup>1</sup>

In his report entitled *Regulating Home-Based Business in the Twenty-First Century*, Charles Wunder addressed the findings of Edward Bassett and states that there was little variation in between the words “business” and “professional” in the earlier home occupations. Wunder states that over the years, there have been many court cases addressing the differences between the two terms. Such court cases have led to a broader expansion of the term “professional.” Also, subsequent technologies over the

years have led to the inclusion of broader provisions which offer a more encompassing definition of what includes professional work from home.<sup>2</sup>

When addressing the historical development of home occupation regulations, many references to home occupations within earlier municipal zoning ordinances remained relatively static during the period between the early 1920s and the late 1940s. However, after World War 2 there were many changes that effected community zoning, and subsequently, home occupation provisions. After the end of the war, population growth and quickly constructed tract developments to meet the demands of suburban housing led to the wide-scale decentralization of America's urban centers. The development of the Interstate Highway System, changes in family structure, and intrasuburban traffic patterns led to the revisiting of land use policies and zoning.

Changes to home occupation regulations began to occur within some communities as early as the 1960s, as more clarity was needed to distinguish the difference between a "home occupation" and a home office. Further changes throughout the nation began to occur during the 1970s with the inclusion of home day care and other types of home offices that were introduced into home occupation guidelines. The advancement and common acceptance associated with telecommuting during the 1970s also began to substantiate the concept of working at home. Throughout the 1960s and 1970s, home occupations in many urban areas throughout the country were primarily limited to providing professional services, with very limited visits by clients. Such services typically included accounting services, custom clothiers, social workers or therapists, and traveling salespersons with a base of operation from home.

During the 1980s, the personal computer and working at home brought incremental changes to many home occupation ordinances. These changes were followed by the advent of the computer age, high-speed communications and the Internet. The availability of such technologies to the average person has made home-based employment and operating a home-based business extremely viable.

Since the inception of traditional home occupation language within earlier municipal ordinances from the 1920s, the nature of work and the provisions for regulation have changed considerably over the years. Given the successive waves of ordinance changes over the past 70 to 80 years, the concept of a home occupation has essentially come to mean the operation of a business at home, or at the very least, conducting some form of employment from within a primary residential structure. One of the primary concerns with today's home occupation regulations stems from the fact that many of the ordinances utilize standard "boiler plate" narratives that were acceptable for the industrial era. However, these provisions are typically out of date, and may not necessarily be reasonable, or acceptable in today's economy. Recent technological advances, and outdated language within many municipal ordinances, has brought forth the issue of having to once again look at the future of home occupations in the 21<sup>st</sup> century.

## **ACCOMMODATING THE EMERGENCE OF THE HOME-BASED BUSINESS SECTOR**

As addressed throughout this study, home-based business and home-based employment activities will continue to strengthen as a viable segment of the regional economy. Modern day structural changes in the workforce that advocate telecommuting, and the availability of technologies which allow for individuals to operate home-based businesses from their homes, has brought about the need for local municipalities to reconsider regulatory practices associated with these activities. Many of the original “industrial era” home occupation provisions are no longer relevant, primarily due to the fact that many of today’s home-based businesses are not very noticeable, and do not create adverse effects upon the aesthetic quality or public health, welfare and safety of the local neighborhood.

In today’s economy, it is again necessary to address the language associated with traditional home occupation provisions and ordinances. Much of the existing home occupation language that exists at the municipal level throughout the MAG Region is based on language that was written prior to the technological advances that have occurred over the past 15 to 20 years. Communities will need to address the relevance of home occupation provisions, and the way that home-based employment and home-based businesses are regulated.

At a national level, the need to readdress and update home occupation provisions to effectively accommodate the bulk of work taking place in today’s economy may in fact represent the next wave of necessary changes in municipal zoning. Although the decision of the police power is ultimately up to each individual municipality, the number of people with computers, Internet access, and accessibility to technology with a desire to initiate home business activities will become more prevalent. Therefore, communities will eventually have to identify and determine equitable provisions in an effort to adequately accommodate this situation in the future.

There have been several ongoing efforts and recent events of national significance that have basically addressed the need to change the way in which home occupations, or home-based businesses have been regulated. While it is true that efforts to amend or update home occupation provisions have taken place at a local level throughout a variety of states, many jurisdictions are starting to notice recent national efforts that are calling for a re-examination of home-based employment activities.

When considering the *New Economy*, which was addressed in detail in Chapter Two of this study, much of the recent literature regarding economic trends essentially promotes home-based entrepreneurship as a wave of the future. When addressing *New Economy* employers, many promote strategies that focus on locating within high tech, wired communities that embrace the proliferation of knowledge-based employees away from a central office location. Not only is this important from an economic development perspective to accommodate such industries in the future in order to remain competitive, but it will also cause jurisdictions to assess and revisit existing policies

regarding home-based entrepreneurial activities and working at home. One of the key economic development efforts at both the national and local levels is to provide a proactive environment at the residential level, which allows for home-based employment opportunities and entrepreneurial activities to flourish.

Recent calls for home occupation reform and the need to better accommodate the home-based business sector have increased substantially. For example, in an effort to advance home-based businesses, a bill was introduced into the New Jersey State legislature during the 1998-1999 session which required municipalities to allow residence-based businesses as a permitted accessory use in residential zoning districts, without the necessity for a zoning permit.<sup>3</sup> The purpose of the legislation was to prevent cities and towns from over-regulating, and making it difficult for average citizens to conduct home-based businesses. Although the bill did not pass, it has initiated further discussion and legislation, and has caused public awareness with regard to a citizen's right to work from home if the activity does not jeopardize the safety and well being of the neighborhood. Several national advocacy organizations have also taken a proactive stance on the right to advance home-based businesses and working from home. The National Home Based Business Council is currently a strong proponent of changing local zoning restrictions to better accommodate the right for individuals to work at home, and has worked with elected officials, planners and business organizations in a variety of states.

Another recent effort of significance that has drawn national attention was a report written by Charles Wunder, entitled, *Regulating Home-Based businesses in the Twenty First Century*. This report was published by the American Planning Association, and provides a comprehensive overview of home occupation regulations; offers a substantive critique of outdated home occupation provisions enforced by communities; and provides a series of suggestions and recommendations on how communities may go about addressing outdated provisions. This report was presented at the American Planning Association's 2001 National Conference in New Orleans. The American Planning Association conducted a panel discussion which specifically addressed the importance of home-based businesses to local economies, and addressed the need to encourage unobtrusive neighborhood businesses by changing outdated municipal zoning provisions and home occupation ordinances.

The decades of the 1980s and 1990s have experienced unprecedented growth in accessible technology to the average citizen. As discussed at length in earlier chapters, these advances in technology will continue to proliferate throughout the American economy and workforce. These advances will continue to change the way in which traditional employment is conducted, whereby commuting into a central place of employment on a daily basis may no longer be necessary in the future. As stated in the previous chapter, statistics provided by the U.S. Department of Labor indicate that there are over 20 million home-based businesses in the nation. Also, recent survey data from within the MAG Region suggests that a substantial number of people already maintain home-based businesses, or telecommute on a regular basis. This number will continue to increase as a result of the changing structure and the availability of modern

technology to accommodate individuals that desire to work from home. Due to changes that have occurred in society over the last twenty years, municipalities will need to assess recent zoning, consider the relevancy of existing provisions with regard to home employment activities, and decide how to balance the interest of the public health, safety and welfare of the community, while accommodating this new emerging workforce.

## **REGULATORY OVERVIEW AND THE NEED FOR REFORM**

The purpose of this section is to address existing municipal provisions and restrictions with regard to home occupations, or home-based businesses, and to address various measures and concerns associated with the need to reform existing zoning provisions. At present, there are a total of 24 cities and towns within the MAG Region that were identified as part of this study. Of this total, 21 municipalities currently permit the operation of home occupations, or home-based businesses within their respective communities, and contain municipal provisions that provide for their regulation. The Town of Guadalupe does not provide for home occupations, but will consider them on a case-by-case basis before the Town Council. Also, the cities of Litchfield Park and El Mirage don't provide for specific home occupation provisions within their municipal ordinances. Each community within the MAG Region currently enforces home occupations through the provisions of existing municipal zoning ordinances.

As displayed in Table 5, located on Page 62, certain types of allowed uses are identified for the operation and approval of all home occupations. These uses are identified as permitted, accessory, conditional, and subject to approval. By definition, a permitted use is permitted within a certain zoning district. An accessory use is defined as incidental and subordinate to the main use of the lot or primary structure, which does not alter the principal use of the lot or building. A conditional use means that it is an allowed use within a zoning district, but is also contingent upon local approval. Conditional uses are typically inconsistent uses within a district, but are approved for the common good of a community. Conditional uses typically require a permit, may not be transferable with the property, and often expire if the use is discontinued. Also, uses that are subject to approval must meet specific requirements before a municipality approves their operation.

At present, the majority of communities allow home based-businesses as permitted uses within residential zoning districts. Of the communities that allow home occupations, or home-based businesses throughout the MAG Region, a total of 52 percent are allowed as a permitted use; 33 percent are allowed as an accessory use; and 14 percent are subject to approval. Also, in the City of Glendale, Class I home occupations are classified as accessory uses, and Class II home occupations are classified as conditional uses.

Of the 21 cities and towns that regulate home-based businesses, all exercise a number of certain restrictions on what homeowners may do within the limits of their property.

Such restrictions are particularly focused on the types of activities that are allowed, and a variety of other functions which must be adhered to in order to conduct a specific business operation. Some of the uniform restrictions that are generally placed upon home-based business and home employment activities include on-site sales; traffic and parking; display of signs; storage of materials/use of mechanical equipment; shipping and receiving; hours of operation; the number of additional employees; garage/accessory structures; noise, nuisances and hazards; exterior property changes; and excess utility use. Table 19 provides a composite overview of the municipal ordinances throughout the MAG Region, and provides information on the types of restrictions that are commonly placed on home-based businesses. This information is based on a review of all municipal ordinances within the region and is sorted by the highest restricted activity.

**TABLE 19**

<b>CURRENT MUNICIPAL ORDINANCE RESTRICTIONS ON HOME-BASED BUSINESSES WITHIN THE MAG REGION</b>	
<b>TYPE OF RESTRICTION</b>	<b>% OF COMMUNITIES THAT RESTRICT THE ACTIVITY</b>
Employing Additional Employees on the Premises	90.5
Storage of Material and Mechanical Equipment	85.7
Display of Signs	76.2
Exterior Property Changes	71.4
Traffic and Parking	66.7
Noise, Nuisance and Hazards	66.7
Hours of Operation	42.9
On-Site Sales	38.1
Total Floor Space Requirements	33.3
Use of a Garage or Accessory Structure	28.6
Shipping and Receiving/Delivery Trucks	28.6
Excess Utility Use	23.8

As displayed in Table 19, approximately 91 percent of all ordinances in the MAG Region, with regard to home-based businesses, actively restrict the number of employees that are allowed to conduct employment from a residence. The majority of provisions call for the home-based business to be conducted by the primary resident. This particular item represented the highest restriction that was placed on home-based businesses within the region. However, other restrictions on home-based activities that

were ranked very high were primarily concerned with the exterior appearance of the property, and prohibiting visible signs that a “business” was being conducted from within the home. Approximately 86 percent of existing ordinances prohibit the storage of material and mechanical equipment on the property; 76 percent prohibit the display of signs; 71 percent prohibit changes to the exterior property of the home; and 68 percent of ordinances within the MAG Region prohibit traffic and parking, as well as noise, nuisance and hazards associated with the operation of home-based businesses. When considering all of the municipal ordinances throughout the region, these restrictions represented the most prevalent activities that were identified.

There were also a number of additional restrictions that were found within the municipal ordinances of cities and towns within the MAG Region. Approximately 43 percent of all ordinances restricted the hours of operation for home-based businesses that were allowed within residential neighborhoods. Approximately 38 percent of all municipalities prohibited on-site sales by businesses in neighborhoods, whereas 31 percent of all ordinances limited the square footage used for home occupations within the primary residence. Also 29 percent of communities currently prohibit the use of a garage or accessory structure, and 29 percent prohibit the shipping and receiving of packages from delivery trucks.

All communities are responsible for adopting and enforcing their own regulations with regard to home-based businesses and home employment. Every set of regulatory provisions should be implemented with the best intentions of enforcing local land use policies and zoning as established by the municipality. When assessing the municipal differences between home occupation provisions for cities and towns within the MAG Region, it was noted that several communities presently maintain comprehensive regulations for home-based businesses. However, through an analysis of existing zoning, the primary finding indicates that many communities maintain regulatory and enforcement language within ordinances that is not very comprehensive. Such language may be subject to a certain degree of interpretation and subjectivity. Also, many communities do not actively enforce home-based businesses unless they become a blatant disruption to the local community, which often happens through the creation of adverse neighborhood effects, or violations that are reported by local residents.

A common argument surrounding home-based businesses and the provisions for their operation have to do with the fact that they are based on older regulatory language; and are comprised of “boiler plate” narrative taken from existing home occupation zoning models. In many cases, these provisions were prepared by consulting firms, or structured from existing ordinances and adopted by city and town councils. Often, it is questionable as to how much consideration was given to local conditions, and the way technological advances are changing the nature of today’s workforce.

Although many of the ordinances within the MAG Region are sufficient for purposes of regulating local home-based businesses, many communities have expressed a desire to readdress home occupation language and update their existing municipal provisions. The previous chapter addressed a variety of concerns and issues associated with

home-based businesses at the local level. However, in addition to these concerns, there were other overlying observations regarding home occupations. Some of these observations address whether they should still in fact be referred to as “home occupations” per se, and whether the stringencies of some ordinances, or lack of public knowledge concerning existing ordinances and regulations, have led to an increase in the number of home-based businesses that were operating illegally.

Since their early introduction into municipal zoning ordinances during the 1920s, home occupation provisions primarily addressed the concept of allowing “professional” uses and services to operate out of residential homes. As previously mentioned, many communities have broadened the definition of home occupation provisions over the years in order to accommodate court decisions and successive waves in technological advances, which have changed the nature of working at home. Charles Wunder addresses an interesting point in his report, entitled *Regulating Home-Based Businesses in the Twenty First Century*, in which he states that it may in fact be time to abandon the concept of calling a home-based business a “home occupation.” Wunder addresses the fact that the term is closely associated with Edward Bassett’s original definition of “traditional home occupation” provisions as they were applied to the “professions” which operated in local residential neighborhoods. Wunder states that the current definition “comes with too much limiting legal baggage in inconsistent court decisions and interpretations” over the years, and suggests that the time has come to appropriately address home occupations as home-based businesses.<sup>5</sup> Although this is clearly a local decision, it substantiates a level of awareness within the region, concerning whether such provisions pertaining to home occupations need to be more comprehensive in their scope.

When assessing local enforcement provisions pertaining to home-based businesses, the majority of communities have a tendency to regulate the more visible aspects of home-based businesses upon the neighborhood. As displayed in Table 19, some of the more common restrictions found in municipal ordinances are those restricting the display of signs, exterior property changes, and the storage of materials. Although municipalities have a tendency to regulate various aspects of home-based employment activities, many communities in the MAG Region presently have inadequate funding to effectively enforce local ordinances with respect to home occupations. Because of a variety of staff limitations, many municipalities only enforce home occupation violations on a complaint basis.

The enforcement of home occupations, or home-based businesses raises an area of potential concern for local communities. In many cases, the average citizen who participates in some form of home-based employment or business endeavor is not aware of local enforcement policies. In cases such as these, there is a tendency to have a higher number of illegal operations. Also, if ordinances adopted by communities have a tendency to be too restrictive, some individuals will knowingly operate a business illegally. A higher percentage of illegal activities has a tendency to take place inside of the primary residential structure, with minimal outside activity. In a situation where communities require businesses to register, there would not be an adequate

account of these activities and tracking would be extremely difficult. Also, in cases where there are fees assessed for the operation of a business, the community could be losing a considerable amount of money.

The majority of communities within the MAG Region place a variety of restrictions on home occupations, or home-based businesses within their respective communities. Although certain restrictions are certainly needed in an effort to uphold the public health, safety and welfare of the community, in many other cases, some ordinances may be viewed as overly restrictive when regulating certain home-based businesses that do not compromise the public welfare and aesthetic quality of a neighborhood. Also, based upon a review of cities and towns within the MAG Region, many communities lack comprehensive ordinances for accommodating home-based businesses. Collectively, it may in fact be time to readdress local issues and existing “home occupation” provisions, and to develop up-to-date provisions that are more encompassing in their approach of accommodating individuals that are choosing to work from home.

A number of items should be taken into consideration when addressing the need to accommodate change. One of the primary considerations has to do with the fact that many of today’s home occupation provisions that are being enforced are based on older models. These provisions, which are found within their respective municipal zoning ordinances, need to be reviewed and addressed by their local staff and officials to ensure that they adequately meet the needs of today’s society, and accommodate the modern employee and entrepreneur.

Today’s society is one that relies on high-speed communications, the Internet, personal computers and e-commerce. Modern technology is changing the way in which most people in the today’s economy conduct business. We have become a society of instant accessibility in a global economy, and there has been a transformation in the way people conduct business and operate within the workforce. With the advent of the information age, many people now have the ability to conduct work and personal business from the confines of their own home. An increasing number of individuals within the MAG Region will continue to seek work opportunities from home, whether full or part time. In addition, people are beginning to telecommute in larger numbers, as a viable alternative to driving into a central office place. Considering the projected growth of the MAG Region to approximately 8 million people (or more) over the next 40 years, it is inevitable that there will be growing segment of the workforce that will telecommute or work at home.

In today’s *New Economy*, the focus has shifted away from the industrial era, and the previous need for employees to continuously be present in a conventional, centralized work force. The new focus is on technology; embracing workforce proliferation by eliminating the need to be present in a centralized setting for a standard 40-hour workweek; and creating a positive environment for fostering “knowledge workers” within a region, who in turn, perpetuate further economic growth and development within the community and region. From an economic development perspective, accommodating today’s *New Economy* has more to do with a community maintaining its competitive

advantage. Communities that embrace technological advances, accommodate knowledge workers, and embrace personal entrepreneurship are more likely to prosper in today's economy.

Projected population growth and new economic times will inevitably result in workforce changes that will generate increases in the number of people working from home. This ongoing and imminent structural change in today's economy will eventually necessitate the need for individual cities and towns to revisit their respective zoning ordinances in order to adequately address these issues. By alleviating undue restrictions in local ordinance provisions, and accommodating various issues concerning the need to reform local provisions with regard to individuals working from home, it is believed that communities can create proactive environments for growth. However, the key to reform lies in a community's ability to strike a balance between preserving the public health, safety and welfare of the community, while accommodating the home-based business sector that is beginning to emerge in many of the region's neighborhoods. Nonetheless, there is a considerable need to address existing provisions, and to adopt relevant ordinance changes that accommodate and reflect today's economy.

## **CONSIDERATION OF IDENTIFIED MUNICIPAL ISSUES AND CONCERNS**

When assessing the possibility of reforming policies and provisions for home-based businesses and employment activities conducted from home, it is first necessary to understand the primary impacts, concerns and issues that home-based businesses have on communities. As specified in Chapter Five, the *MAG Community Home Based-Business Survey* was structured in such a manner as to obtain relevant information regarding community sentiment, technical input, and professional guidance. This information was helpful in assessing what changes may need to occur within current ordinances, in an effort to adequately assure their regulation and enforcement of home-based business activities. Previously collected data and information, in addition to collective responses obtained from a number of subject areas on the survey, form the basis for a better understanding of the primary issues. When considering these items, the primary goal is to recommend possible changes that could be made to better accommodate the home-based business sector of the economy, while not compromising the health, safety and welfare of individual neighborhoods and the community at large.

The previous chapter highlighted a number of positive and negative impacts associated with the operation of home-based businesses. Some of the positive aspects of home-based activities centered upon the provision of available services to the immediate community, the provision of neighborhood safety, reduced traffic, and increased business potential. The negative aspects of home-based businesses in residential communities were concerns that centered on community aesthetics, increased traffic, nuisance issues and the lack of enforcement. This information, in addition to other forms of collected data, will provide a better understanding of home-based business recommendations; address suggested changes for the regulatory process; address the

relevancy of current zoning restrictions; and will also be utilized in the development of a model home-based business ordinance for municipal review and consideration.

## **RECOMMENDED GUIDELINES FOR ASSESSING THE MUNICIPAL REGULATORY PROCESS FOR HOME-BASED BUSINESSES**

The *Community Home-Based Business Survey* within the last chapter was designed to obtain information from a variety of subject areas, including information on the adequacy of existing community ordinances and their ability to regulate home occupations, or home-based businesses. Of all communities responding to the survey, a total of 45 percent said that local ordinance provisions were not adequate enough to provide for the proper regulation of home-based businesses, and are admittedly in need of readdressing home occupation, or home-based business provisions within their municipal codes.

There are many ways in which cities and towns may go about accomplishing this. In some cases, local communities may only need minor adjustments to their present ordinance, whereas others may need substantial updates, or may wish to adopt an entirely new ordinance. Based upon the *Community Home-Based Business Survey*, of the communities that considered their home-based business provisions to be outdated, the question was asked as to the type of changes that they should undertake in an effort to bring them up to date (Please see Question 12 of the *Community Home-Based Business Survey*, located in Appendix A). As tabulated, 50 percent of respondents stated that they needed to include a substantial amount of new regulatory language into the ordinance in an effort to adequately update existing provisions for home-based businesses. Also, 30 percent of all respondents said that a new ordinance was necessary, whereas the remaining 20 percent stated that only minor text changes were needed in order to offer minor clarification.

Survey results clearly indicate that it is necessary for cities and towns to address and analyze their current situation with regard to the operation of home-based employment activities within local neighborhoods, and to adopt updated provisions that are consistent with existing policies of the municipality. In consideration of this, the following information within this section has been developed as a guide to assist communities in developing a process to address this issue. While it is realized that many communities already have an internal process to review and readdress community zoning issues, the following process, or recommended guidelines for assessment and change are for advisory purposes only. The following guidelines are relatively basic, and represent a suggested, sequential step-by-step process of how to assess local ordinances, and how to adequately update home-based business provisions at the local level. This process is also graphically depicted on Figure One, located on page 117.

## **1. A Comprehensive Review of Current Provisions and Municipal Policies**

The first part of the process involves a thorough analysis of how relevant existing ordinance provisions are in the regulation of home-based businesses. The idea behind the adoption of home-based business regulations is to accommodate the citizen who wants to conduct business from their primary residence, while at the same time, protecting the health, safety and welfare of the local community. Some of the primary factors behind regulations are to ensure that the aesthetic quality of the neighborhood is not compromised; that nuisances are not created for adjacent neighbors and residents of the neighborhood; that problems with local parking and community circulation are not created; that the operation of a business is not unsightly; and that the operation of the business does not create obvious obtrusions for local residents, which would in any way create a situation whereby their quality of life within the neighborhood is affected. However, in assessing local provisions, the municipality should take the position that it is their intent to provide special consideration in an effort to reasonably accommodate the local resident in their desire to conduct business from their home, provided that the business or employment activity does not interfere with any of the premises as stated above.

In reviewing local ordinance provisions, there will be a variety of different situations that many communities may encounter. For example, some communities may not have existing regulations for home-based business and employment activities, and do not regulate these types of activities at all. Other communities may identify situations where existing regulatory language is “vague” and doesn’t adequately provide for a good understanding of how to regulate or enforce home-based business provisions. Also, as identified in the survey, many communities lack present guidelines that are “comprehensive” in scope and that are open to interpretation; whereas some communities may feel that the local provisions for enforcement are sufficient.

During this stage, communities should review the existing ordinance (or ordinances), and identify the level of comprehensiveness that the current provisions provide. It may be helpful to locate model home occupation and home-based business ordinances from other communities, as well as other forms of documentation to determine the desired “level of comprehensiveness” that a community may desire to pattern its provisions after. Also, the local planning department, or managerial staff from individual cities and towns may want to compile a list of commonly identified regulatory and enforcement issues that the municipality regularly encounters. This would be helpful in an effort to identify whether the existing ordinance is sufficient to meet the direct needs of the local community. However, special consideration should also be given to future growth projections, and knowledge of the fact that individuals working from home will certainly increase in the future, irregardless of whether they are illegal or legal operations.

After a thorough review, Municipal staff could issue a report on the existing provisions, address their adequacy in the regulation of home-based businesses and employment provisions, and identify what is needed in their ordinance to better address these issues. Also, special consideration should be given to existing planning documents, economic development plans, or other municipally adopted documents, plans and policies that are relative to the operation of home-based businesses within the community. This process would result in a Draft summary document for further discussion and action.

## **2. Formation of a Review Committee**

After a thorough review of home-based business documentation and provisions, and the preparation of a report documenting issues and needs with respect to home-based businesses, the next helpful stage in the process involves the formation of a local Committee to discuss concerns and needs related to home-based businesses. Although there is no suggested size, ideally, anywhere from a 5 to 8 member Review Committee to discuss relevant ordinance changes would be sufficient. Representation should consist of home-based business members that are private citizens; municipal planning, and other identified municipal staff; and representatives from the city or town council, and the local planning commission.

However, the composition of the Committee is extremely important in determining sustainability throughout the process. Given the fact that the subject matter specifically deals with home-based businesses, it is crucial that membership consist of several individuals that are home-based business operators. Many cities and towns throughout the MAG Region should consider the active involvement of home-based business operators on such a committee, in an effort to obtain their input. This offers a unique situation whereby private members can offer insight to the local planning staff. This is helpful in identifying how to best formulate and develop regulations that not only accommodate the operation of a home-based business, but that are also effective in upholding the health, safety and welfare of the community. Often, prospective members to serve on a review Committee of this sort can be obtained with the assistance of the local chamber of commerce or economic development foundation.

The Committee would review the staff-generated municipal findings, analyze needs, issues and concerns, and provide advisory input for the assessment of necessary changes to the existing home-based business provisions. Such a group would be responsible for formulating the official provision changes, and forwarding them to the planning commission and city or town council for formal approval and adoption.

### **3. Community Survey (Optional)**

In a particular situation where cities and towns want to obtain more information on the status of home-based business operations within their respective communities, and have the resources to do so, it may be useful to conduct a comprehensive community survey that assesses in-depth aspects and information on home-based businesses. The purpose of conducting a “targeted” survey at the municipal level is to provide for a more thorough understanding of home-based businesses within the community. This information would provide better insight into the impact that home-based businesses have upon the local economy; their impact on the local neighborhood; the identification of some of the primary issues confronting their vitality and sustainability in a local neighborhood; and the associated needs of home-based businesses within the community.

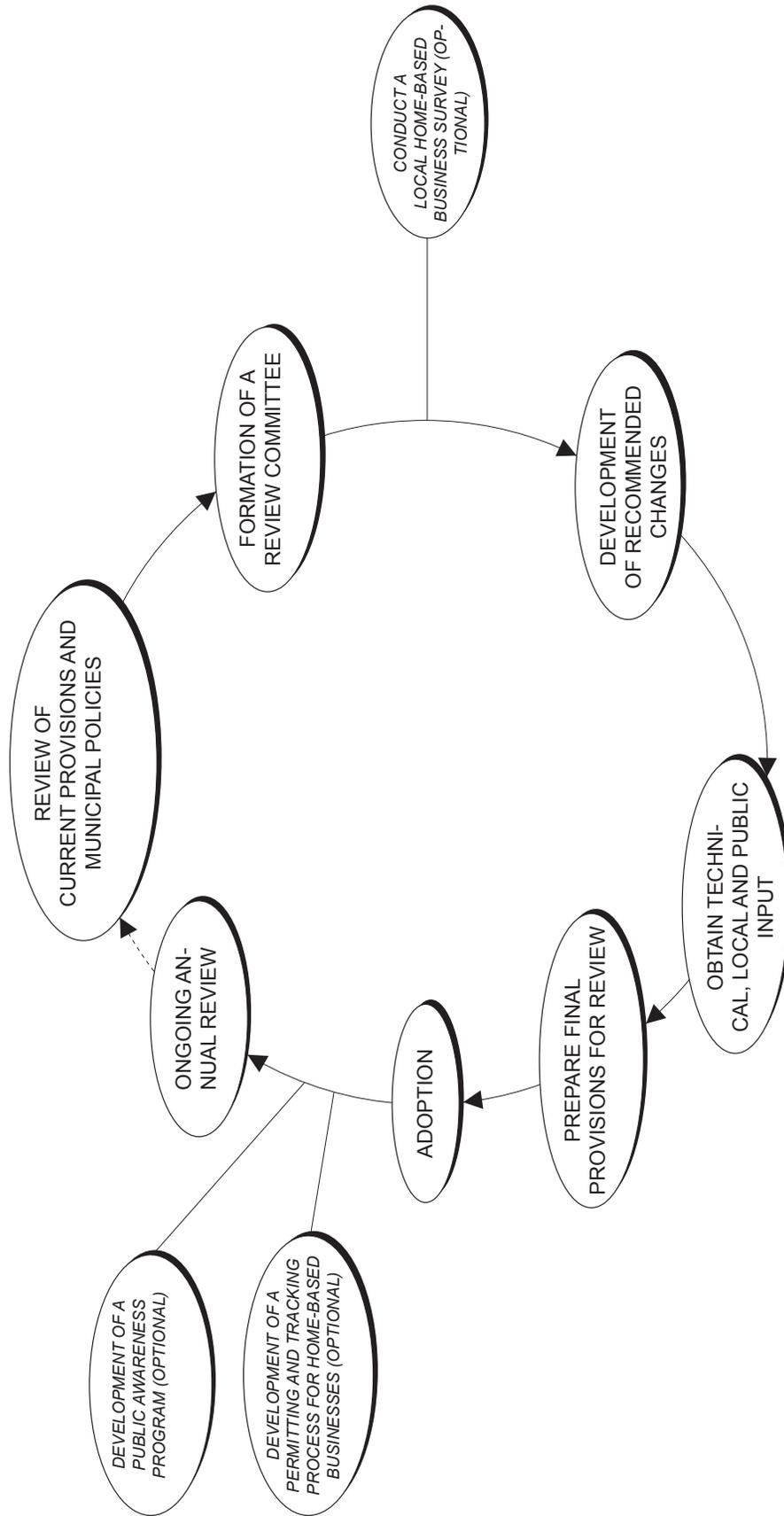
Information obtained from a locally conducted survey would provide municipal planners, the business community, economic development professionals, and locally elected officials with a better understanding of this sector of the economy. Results from the survey could be taken into consideration when developing provisions for the regulation and enforcement of community home-based businesses at the local level. In addition to obtaining input, this information would also be very helpful in establishing an initial database on community home-based business operators in communities that previously lacked a comprehensive database and tracking mechanism.

### **4. Development of Recommended Changes**

After a careful analysis of existing materials, needs and input, municipal staff would take the recommendations as provided by the Committee and develop a draft review of the proposed provisions for consideration. The proposed report for review would provide an overview of the home-based business sector within the community; a description of zoning, and how such activities are currently regulated and enforced through the local zoning ordinance, or associated codes; documentation of existing regulatory language; an overview of proposed changes; and a draft of proposed language which will need to be amended as part of the local zoning process in order to bring the provisions for the regulation and enforcement of home-based businesses to a current, relevant and usable format.

FIGURE 1

### RECOMMENDED GUIDELINES FOR ASSESSING HOME-BASED BUSINESS REGULATIONS



## **5. Obtain Technical, Local and Public Input**

After completing a draft review of the provisions, the report, as well as any additional information, would be presented at a public hearing, and to the local planning commission. Also, if applicable, this information would be provided to a number of civic organizations and economic development groups within the community for further comment. Presentations before groups such as these would be beneficial from the perspective that the community needs to inform them of the fact that they are developing comprehensive revisions for the accommodation of home-based businesses at the local level.

All input should be considered in the development of home-based business provisions. Upon receiving community input from the general public, municipal staff, and other groups as identified by the local review Committee, the municipal staff can then begin to address final changes and to structure the report for final adoption. The information obtained through this process will assist the municipal planning staff in the identification of home-based business needs; of unnecessary restrictions; vague language; and the types of provisions that are acceptable to the home-based business sector, while still upholding the health, safety and welfare of the community at large. This report would be reviewed a final time by the Committee, prior to being forwarded through the local governmental channels for approval and adoption.

Once the review is completed, changes to the provisions through a local zoning amendment could entail something as limited as minor text changes to the ordinance; a substantial update to existing regulatory sections of the local zoning ordinance; the creation of a new section within the ordinance; or the development and adoption of a separate Home-Based Business Ordinance.

## **6. Adoption of Ordinance Provisions**

After all of the necessary changes to the ordinance are prepared, the zoning amendment, or new ordinance would go before the local planning commission, and city or town council for final review and approval.

## **7. Development of a Permitting and Tracking Process**

As part of the regulatory and enforcement process, a municipality may require a home-based business to obtain a permit prior to legally conducting any sort of business use or operation. Home-Based Business Permits should be issued by the Community Planning Department, and meet the established review and approval process as specified under the community's municipal code requirements. Typically, there is an annual fee associated with the renewal of the permit. Aside from the availability of home-based businesses to create an

additional revenue stream for a municipality, the permitting of home-based businesses also provides the local municipality with an opportunity to actively create a database. The development of a database allows the municipality to effectively maintain information on home-based businesses, and to effectively track the existence of such business within local communities. Aside from regulatory and enforcement issues, effectively tracking neighborhood business activity can also be useful in the community's ability to better understand the overall impact that the home-based business sector has on the local economy.

## **8. Development of a Public Awareness Program**

In an effort to inform citizens of the community on matters related to home-based business and the entire process related to permitting, local communities may want to actively advertise various regulations and requirements pertaining to this sector of the economy. At present, there is a relatively large segment of the population base that is operating illegal business operations from home, or that are unaware of local laws and policies. By implementing a "public awareness" program, the local municipality would be able to effectively educate the general public on issues pertaining to the local regulatory process, the types of permissible businesses and activities, the fee and permitting process, and all relevant enforcement issues.

## **9. Ongoing Review Process**

It is recommended that communities participate in an ongoing review process, which should preferably take place on an annual basis. A comprehensive review of home-based business policies and home-based business provisions should be initiated by the municipal planning office, and reviewed by the local planning commission. Should in fact a city or town decide that substantial changes are needed, it is recommended that the community establish a review committee and initiate a like process similar to the one implemented in this section.

## **STRUCTURE OF TYPICAL MUNICIPAL HOME-BASED BUSINESS ORDINANCE PROVISIONS**

Home occupation, or home-based business provisions within municipal zoning ordinances throughout the MAG Region typically vary according to community. Some communities actively regulate and enforce home-based business activities, whereas others are more passive in the regulation of such activities, or contain “limited” zoning language within their ordinances which have a tendency to be somewhat ambiguous. However, it is realized that the needs of communities and the overall dynamics that are associated with urban and residential growth patterns are different throughout various areas of the region. Such dynamics, in addition to municipal fiscal constraints and the availability of communities to adequately fund planning functions, may in fact be the primary causes for some communities to be more proactive than others with regard to regulating home-based business and employment activities.

Many communities use similar language and provisions with regard to home-based employment. Although the overall nature of the ordinance content with respect to home-based businesses is different from one community to another, there is in fact a common structure to the ordinance provisions that are found within the region. Typically, municipal ordinances will include a definition of a home occupation, or home-based business; the type of use that a home-based activity is classified as within the ordinance; where a home-based business is permitted; general operational standards; and a general list of items that are allowable and not allowable.

One of the objectives of this study is to provide for a model home-based business ordinance that can serve as a “base example.” Cities and towns throughout the MAG Region may wish to utilize this example for discussion purposes when choosing to review and upgrade home-based business provisions at the municipal level. Prior to preparing a basic model ordinance for review, careful consideration was given to the contents and current structure of many municipal ordinances throughout the region, in addition to valuable information that was provided as part of the *MAG Community Home-Based Business Survey*, which was discussed in detail in Chapter 5. The following sections include additional information that was provided by planning professionals as part of the survey, in addition to a number of recommendations and suggestions for operational standards associated with home-based business provisions.

## **CONCERNS AND SUGGESTIONS FOR THE DEVELOPMENT OF A MODEL HOME-BASED BUSINESS ORDINANCE**

The following list represents a number of comments that were provided by professional municipal planning staff throughout the MAG Region, concerning the development of a model home-based business ordinance. This information was obtained from the *Community Home-Based Business Survey*, and was considered in the development of the model home-based business ordinance located in the following section. The comments provided below were obtained from Question Number 17 of the survey,

which requested suggestions and input for consideration in the development of a model home-based business ordinance. These comments, in addition to remaining survey results; an analysis of existing ordinances; and a number of other considerations, were very important in developing the model home-based business ordinance located at the back of this section.

### Concerns and Suggestions

- Allowance of home-based businesses with a permit.
- Annual review of home-based business permit.
- Consider impacts on surrounding properties.
- The development of a mechanism (data base) for the tracking of home-based businesses.
- A clear distinction between what qualifies as a home-based business and what does not.
- Suggest a public notice/public education program.
- Propose enforcement strategies.
- Ensure there is no external indication of the business to the residential dwelling.
- Address the numbers and size of commercial vehicles associated with the occupation.
- Consider neighborhood traffic impacts.
- Look at the types of use allowed on the property.
- Look at the levels of service, or levels of impact that are associated with the property.
- Maximize the percent of dwelling/premises that can be used for business.
- Maximum number of employees not related to business owners.
- Somehow regulate the number of deliveries, or the time of day that deliveries can be allowed within residential neighborhoods.
- Require all operations to be enclosed within a building.

- Avoid uses that might have hazardous materials.
- Limit the time of day that clients can actually visit the premises, or business site.
- Address all signage concerns.
- Identify permitted Home Occupations based upon impact-criteria (Ability to expand list based on criteria).
- Provide for on-site/off-site parking requirements.

## **RECOMMENDATIONS AND SUGGESTIONS FOR OPERATIONAL STANDARDS**

Municipal ordinances that provide guidelines for home-based businesses have a tendency to consist of uniform standards that justify and regulate their existence. The following information represents a number of recommendations for the operational standards of home-based businesses and home-based employment. Essentially, operational standards are conditions that are placed on home-based businesses for regulatory purposes. The following recommendations were obtained from a compilation of professional input obtained from the *Community Home-Based Business Survey*, national considerations for the regulation of home-based businesses and employment activities; and a thorough review of ordinances throughout the region.

### **On-Site Sales**

At present, about 38 percent of communities throughout the MAG Region regulate the on-site sale of goods associated with home-based businesses. Based upon national observations; existing information pertaining to ordinances; existing regulatory practices; and an intensive review of municipal ordinances throughout the region; it is suggested that language which specifically prohibits the sale of items from the property, should not be included as part of the home-based provisions. If an individual is operating a business from the residence, he or she should in fact be allowed to sell the product, service or item from the property, provided that it is not a pre-purchased item that is being wholesaled from the property. Also, on-site sales should adhere to parking and client visitation requirements of the ordinance, and should never compromise the aesthetic quality and health, safety and welfare of the neighborhood.

### **Traffic and Parking**

Limiting the amount of traffic and congestion within neighborhoods is a very important aspect of maintaining the health, safety and welfare of local citizens. At present, each of the communities throughout the MAG Region regulates municipal traffic and parking

standards. At a minimum, home-based business operators should adhere to the requirements for parking as specified within the municipal code.

### **Display of Signs**

In an effort to maintain the residential integrity of the neighborhood, it is suggested that home-based business operators should not post signs for the advertisement of services and goods from their primary place of residence. There should not be an exterior display of the home-based business within the neighborhood. By prohibiting such activity, neighborhoods will certainly maintain their residential appearance and quality of life. This also prohibits what might be perceived as the “commercialization” of residential neighborhoods within communities. In cities and towns that presently allow for home-based business operators to post signs upon the property, at a minimum, they should adhere to local sign provisions as specified within the municipal code.

### **Storage of Materials/Use of Mechanical Equipment**

The exterior storage of goods and materials associated with a home-based business should be prohibited. All exterior storage of goods and materials, as well as any mechanical equipment has a tendency to compromise neighborhood appearance. Therefore, it is recommended that exterior storage, and all equipment should be discouraged when considering either amending a current ordinance, or writing a new ordinance for the community.

### **Shipping and Receiving**

The shipping and receiving of goods within a neighborhood is a primary congestion concern. Although home-based businesses certainly do not account for all neighborhood deliveries and shipments, it is important to recognize this sort of activity as a potential traffic generator. Certain limits should be placed on such activities in an effort to reduce excessive amounts of neighborhood traffic throughout the day. When considering neighborhood shipping and receiving provisions for the regulation of home-based businesses and home-based employment activities, proposed ordinance provisions could be based on the level of intensity associated with the home-based business. For this type of guideline, it is suggested that lower-intensity home-based businesses and home-based employment activities that are permissible by right, be allowed to receive one delivery, or to make one shipment per day; whereas higher intensity activities requiring a home-based business permit should not be allowed to exceed a given number, preferably two to three shipments and deliveries per day. This is an item that will be determined by local concerns. However, such provisions should not be too restrictive as to prohibit individuals from operating business activities from their primary residence.

## **Hours of Operation**

At a very minimum, it is suggested that local home-based businesses be allowed to conduct business operations on a given workday between the hours of 8 a.m. and 5 p.m. A thorough review of multiple ordinances suggest that business operations may in fact begin as early as 7 a.m. and end as late as 10 p.m. However, this is an activity that should be regulated by the municipality based upon relevant findings of what works best for the community at the local level.

## **Additional Employees**

A primary consideration for supporting home-based business operations from home is based upon findings that suggest the majority of businesses are unobtrusive within a local neighborhood, and that they often go unnoticed. Low intensity home-based businesses are typically conducted by the home-based business operator, and in some cases may extend to additional members of the immediate family. For purposes of maintaining home-based businesses that are not very obtrusive to the local neighborhood, it is suggested that they are of a low intensity nature and permitted by right, and not be permitted to have an employee. Higher intensity businesses should be allowed to have at least one additional employee, or no more than two. If in fact a home-based business operator needs more employees than this, it should not be allowed to operate within a residential environment.

When considering home-based business employment that actively hires, or accommodates additional employees, there are issues pertaining to the number of people that work on the premises, and the number of people that are actively employed away from the premises. In the case of off-premise employees, they are typically employed through a contractual agreement, or through other arrangements with the home-based business operator. When addressing off-premise employees, it is suggested that no more than two of these individuals be permitted in the residence at any one time for employment purposes. Home-based business operations that are considering off-premise employees should be subject to a home-based business permit. Although analysis supports that it is not uncommon for local zoning ordinances to allow up to a maximum of two employees on the premises, it is ultimately the decision of the local community to decide what works best from a regulatory perspective.

## **Garage/Accessory Structure**

Although many municipal zoning ordinances prohibit the operation of home-based businesses within garages and accessory structures, there is really no purpose in upholding this provision if the activity is fully enclosed and not noticeable to residents of the community. If in fact a business operation is conducted within a garage or

accessory structure, and is in compliance with other provisions of the ordinance, then they would not be considered a detriment or a nuisance to the local neighborhood.

However, it is recommended that any activities, storage of equipment and materials, or operations that are associated with a home-based business, should not be permitted within a carport that is not fully enclosed. The only exception to this provision would pertain to carports that were fully enclosed, and considered to be a functional room within the primary residence as determined by the local building inspector or code enforcement officer. Any other material that acts as a temporary enclosure, such as canvas, plastic, or other materials not considered part of the structural exterior of the property should not be allowed. Such partial closures for open carports would compromise the aesthetic quality of a neighborhood.

### **Noise, Nuisances, Hazards**

Home-based businesses or home-based business employment opportunities should not be allowed to create nuisances or hazards to local neighborhoods. Typical nuisances and hazards would include the storage of hazardous materials, flammable materials, and excessive noise, light, glare, dust, fumes, odor, pollutants, vibration, or any other sorts of nuisances that would in any way have an objectionable effect upon adjacent properties, and the neighborhood as a whole. At a minimum, municipalities should enforce the adopted performance standards as stated within the existing municipal code. However, cities or towns that currently lack sufficient performance standards should adopt such provisions in order to protect the health, safety and welfare of the community.

### **Exterior Property Changes**

Cities and towns should discourage property owners that attempt to expand or change the exterior nature of a residential structure in an effort to accommodate a home-based business activity. Also, this same situation should also apply to accessory structures upon the premises, particularly if the exterior changes are against standards for accessory uses as established by code, or create a situation that compromises the aesthetic quality of the neighborhood.

### **Excess Utility Use**

As confirmed by the results of the *Community Home Based Business Survey*, there is little evidence to support the fact that home-based businesses and home-based employment activities are placing excessive burdens on local utilities. Although it will be up to each individual community to decide the impacts of home-based businesses upon local utilities, it is acceptable for municipal codes to list provisions that prohibit excessive use.

## **Maximum Floor Area Restrictions**

A common restriction that is often found in municipal zoning ordinances throughout the MAG Region is one that refers to the percentage, or overall square footage of the primary structure that may be utilized for the purpose of operating a home-based business. Arguably, this regulation is arbitrary and somewhat antiquated in many cases, due to the prevalence of home computers, laptops and the ability of many entrepreneurs and individuals that are telecommuting or working from home to operate from a small area within any room of the house. In addition, there may commonly be situations where a particular person may utilize various computers, or store files throughout a number of rooms throughout the house. This would create a situation where working within several rooms of a house would exceed the maximum square footage restrictions of the ordinance. Also, such provisions to the internal operation of the property would not necessarily impact the external appearance of the home.

This provision more or less has to do with minimizing the percentage of residential structures, or units that are utilized for home-based businesses in areas with higher density residential neighborhoods. The concept of restricting the percentage of a structure that can be utilized to conduct a home-based activity can be traced back to language that was commonly used during the initial years of zoning. The purpose of such wording was to limit the size and intensity of the operation, in an effort to minimize the impacts of certain home-based activities on the surrounding neighborhood. Aside from some of the mainline “professional” occupations, the earlier ordinances also attempted to place intensity restrictions on certain uses, which may have been considered “blue collar” or “industrial” by nature. This was accomplished by limiting the use to a certain square footage of the primary residential structure, and often involved restrictions on accessory structures and garages. Today, many ordinances effectively address this issue by disallowing uses that are of an “industrial” nature, but still include maximum square footage requirements. However, maximum square footage requirements are seen as a restriction for many home-based businesses that are “knowledge based,” utilize computers, and that are unobtrusive to the surroundings of the neighborhood. Maximum square footage requirements for such activities may often be unnecessary, and in many cases, are not relevant to today’s economy.

However, a primary issue has to do with concerns over residential commercialization, and whether allowing the majority of a residence to function as a business protects the integrity of a neighborhood. This is particularly true in situations where individuals are selling goods from the premises. Although there is no set percentage for maximum square footage requirements, it should be recommended that the home-based business not be allowed to exceed 49 percent of the primary residential structure. By including such language, a community is initially stating that the primary purpose of a residence is for residential purposes, and not intended to be utilized for business or commercial activities. However, this provision may be difficult to enforce, unless various rooms, or up to 49 percent of the structure exhibit intensive uses that are unquestionably associated with the business.

## **MODEL HOME-BASED BUSINESS ORDINANCE**

The purpose of this section is to provide a model home-based business ordinance for review, discussion and consideration. After a review of existing ordinances throughout the MAG Region, a common observation is that many communities lack comprehensive regulations that are needed in order to effectively regulate home-based businesses and home-based employment activities. Although a number of communities maintain adequate provisions, and many municipal planning departments are able to effectively regulate home-based businesses, the majority of municipalities may wish to review their existing ordinances and provide for more comprehensive provisions that are easily understandable, enforceable, and eliminate any form of possible ambiguity that is often associated with the regulation of home-based business language. The model home-based business ordinance provided at the end of this chapter is intended to serve as an example for cities and towns that are considering an update of their current ordinance, or that are considering the adoption of a new home-based business ordinance for their respective communities.

When discussing “model” ordinances, it is important to note that a model should serve as an initial “base” for discussion and consideration of how to possibly modify existing provisions. The term “model” is often open to a certain degree of criticism, subjectivity, and skepticism. While such statements are certainly true, it is necessary to understand that the model ordinance is not intended to be copied verbatim, but should only be used as a guide for consideration of how to approach a new set of provisions at the municipal level. There is not a “correct” way of implementing a model, or of following its suggested format or structure. Every municipality has specific needs, concerns, and policies that dictate daily decisions and long-term objectives with regard to local planning and zoning. In terms of updating, or amending existing ordinance provisions, communities are certainly at different levels in the regulatory process. What may work in one community will not necessarily work in another. There are different intensities, issues and dynamics that are specific to individual communities and the delineated residential zoning districts of municipalities. However, in many cases, a model may serve a useful purpose in its ability to stimulate discussion, offer possible structure, and to provide certain guidelines and concepts that could potentially be beneficial to local efforts.

Although there is nothing that is necessarily unique about the presented information, the model home-based business ordinance that is provided at the end of this section is basically intended to offer a more comprehensive approach to regulating home-based businesses and home-based business activities. The intent of the language is designed to be a little more detailed than what presently exists within many communities throughout the region. This approach is intended to eliminate “vague language” and to offer more clear and concise content in order to allow for easy interpretation of the regulations.

However, one of the primary differences between the presented model ordinance and existing ordinances found throughout the region is that it contains language that acknowledges technological progress, and the need to accommodate activities that are considered to be a vital component of the *New Economy*. It is important to stress the need to accommodate these transitional changes in the American economy. Developing these sort of home-based business provisions can be seen as a proactive economic development stimulus that creates acceptance of home entrepreneurship, shows support of home-based employment activities of a non-intensive nature, and enhances the ability of knowledge workers to operate out of community residences. Creating a proactive business environment and accommodating residential employment activities is perceived as crucial for a community's ability to foster and attract existing and potential high technology businesses into a community or a region. Certainly, this type of industry is attracted to communities that embrace "high tech" businesses, actively accommodate knowledge workers, and embrace the proliferation of their respective workforces. These types of industries represent the "foundation" of the *New Economy*, and the development and attraction of such industries is a key element in order for the MAG Region to maintain its economic competitiveness at the national level.

The model home-based business ordinance that is presented is categorized into eight sections, which include purpose and intent; general conditions; definitions; permitted uses; prohibited uses; operational standards; administrative procedures; and effective date. The approach that was taken to develop the following model ordinance was multifaceted, and was comprised of community input obtained through the *MAG Community Home-Based Business Survey*; a comprehensive review of existing home occupation and home-based business ordinances at the local and national levels; a review of the *New Economy* workforce; regional and national economic concerns; national literature pertaining to the enforcement of home-based businesses; and recent articles, publications and books pertaining to working at home. It is divided into two separate tiers based upon level of intensity, and is essentially determined by allowable client visits, shipping and receiving, and additional employees. Following the ordinance is a list of footnotes that pertain to various sections contained within the model.

Although the decision to address ordinances and existing policies with regard to home-based businesses and home-based employment activities is ultimately up to each community, it is hoped that the following ordinance will be useful in serving as a guide for individual cities and towns located within the MAG Region. It is also recommended that any ordinance or proposed changes should be reviewed by the city or town attorney prior to being submitted to the local council for review and approval.

# MODEL HOME-BASED BUSINESS ORDINANCE

ORDINANCE NUMBER \_\_\_\_

## AN ORDINANCE RELATING TO HOME-BASED BUSINESSES WITHIN THE CITY/TOWN OF \_\_\_\_\_

THE \_\_\_\_\_ CITY/TOWN COUNCIL ORDAINS AS FOLLOWS [1]

### Section 1. PURPOSE AND INTENT

1. The purpose of this ordinance is to permit and regulate the conduct and operation of home-based businesses and home-based business employment activities as an accessory use within the primary residence and/or associated accessory structures, whether owner or rental occupied, and to ensure that such home-based businesses or home-based employment activities are compatible with the neighborhoods in which they are located.
2. The City/Town of \_\_\_\_\_ acknowledges that as the result of rapidly changing technology, people are capable of conducting certain low intensity and unobtrusive businesses from their homes. The advent and improvement of telephones, answering machines, pagers, cellular communications, broadband cable, copy machines, facsimile machines, computers and the Internet have brought about changes in the manner in which business may be conducted from a residential zoning district.
3. The City/Town of \_\_\_\_\_ intends to allow home-based businesses and associated home-based employment activities in the City/Town to foster economic development activity; to support the community and region's high technology and related technology industries and services; and to create wealth, prosperity and convenience for the community's citizens.
4. The City/Town of \_\_\_\_\_ acknowledges the growing interest on the part of local citizens to live and work from their homes.
5. The City/Town of \_\_\_\_\_ acknowledges the benefits that are derived from the overall increase in individuals that work from home, which include positive impacts on the environment; reduced traffic volumes; a reduction or elimination in child care expenses for people with young families; neighborhood safety issues associated with having people in the neighborhood during day hours; the opportunity to test creative business ventures with reduced startup costs; and the provision of services to the local neighborhood. [2]

6. The intent of this ordinance is to protect residential areas from any adverse effects associated with home-based businesses and home-based employment activities, while allowing residents of the community to use their homes as a workplace and a source of livelihood under certain conditions.
7. In the regulation of this ordinance, the City/Town of \_\_\_\_\_ will preserve and protect the health, safety and welfare of the community's residential zoning districts.

## **Section 2. GENERAL CONDITIONS**

1. Home-based businesses and associated home-based employment activities are generally conducted and located such, that the average neighbor, under normal circumstances, would not be aware of their existence. The proposed use shall be clearly accessory or incidental to the primary residential use of the main building.
2. Home-based businesses and home-based employment activities consist of a business, profession, occupation or trade activity of a nonresidential nature which is performed by the primary resident(s), and when applicable, associated employee(s) of a dwelling unit, or accessory structure associated with the primary dwelling unit, for purposes of generating income or engaging in gainful employment, whether for monetary or similar forms of compensation, through the provision and/or sale of a good or service, but which activity is clearly incidental or secondary to the use of the dwelling for residential purposes.
3. A home-based business and home-based employment activities may be conducted within the dwelling unit, garage, or accessory structure, but only if such use remains incidental and secondary to the use of the dwelling unit as a place of residence.
4. There shall be no internal or external structural alterations or construction, either permanent or accessory, to the dwelling, nor the installation of any equipment which would change the residential character of the dwelling. No separate entrance from the outside of the building shall be added to the residence, accessory structure or garage for the sole use of the home-based business or home-based employment activity.
5. There shall be complete conformity of the home-based business and all home-based employment activities with the City/Town's municipal zoning code; fire, building, plumbing, electrical, health and applicable codes; and to all applicable city, state and federal laws and ordinances.
6. Home-based businesses and home-based employment activities shall consist of, or encompass all aspects and forms of identifiable functions and definitions as described within Section 3 of this ordinance. Individuals conducting work from

home have commonly been identified as belonging to one of the following categories: Field worker, full-time home-based worker, home-based business operator, independent contractor, knowledge worker, moonlighter, occasional home-worker, part-time home-based business worker, self-employed consultant, and teleworker (telecommuter). [3]

7. All home-based businesses and home-based employment activities shall adhere to the Specific Conditions for Class I and Class II Home-Based Businesses as prescribed in Sections 4 and 5 of this ordinance.
8. Home-based businesses and home-based employment activities do not include garage or yard sales.
9. Persons with disabilities can obtain a waiver of one or more of these conditions through the Code Enforcement Officer to allow such persons to become self-sufficient, as long as the said activity does not compromise the residential integrity of the neighborhood, nor affect the health, safety and welfare of adjacent residents.
10. Proposed uses that exceed the minimum requirements of specific conditions as set forth in Sections 4 through 6 of this ordinance, or that are not allowed as permitted accessory uses, shall not be allowed to initiate or continue business operations or employment activities within residential zoning districts.

### **Section 3. DEFINITIONS**

1. Class I Home-Based Business: Home-based businesses or home-based employment activities that are permitted by right, do not require a permit, and are considered to be of a low intensity use, which includes no more than 3 client visits to the primary residence per day; does not exceed one shipment or delivery per day; and contains no on or off-premise employees other than the primary resident(s).
2. Class II Home-Based Business: Home-based businesses or home-based employment activities that require a Home-Based Business Permit, and consist of activities that are considered to be of a higher intensity than minimal activities which are permissible as Class I Home-Based Businesses.
3. Field Worker: An individual that spends a portion of his or her workweek away from the office in the field (in transit away from the office) on a regular basis throughout the normal workweek. Although this form of work is not often associated with home-based businesses per se, the processed information or transactions associated with this type of activity are typically compiled or disseminated from a home office or corporate office setting.

4. Full-Time Home-Based Worker: Someone who works from his or her home on a full-time basis.
5. Home-Based Business: Any business, occupation, or activity undertaken for gain within a residential structure that is incidental and secondary to the use of that structure as a dwelling unit. Home-based businesses may also operate out of a garage or accessory structure upon the property, as long as such activity is clearly incidental and secondary to the primary residential structure on the property.
6. Home-Based Business Operator: An individual who works from their home, full or part time, providing a service or product to a variety of clients or customers.
7. Home Office: An accessory use in which work for compensation is undertaken, including, but not limited to, receiving or initiating correspondence, such as phone calls, mail, faxes, or e-mail; preparing or maintaining business records; word and data processing; and telephone, mail order and sales.
8. Independent Contractor: Someone who works from their home full or part-time, on contract to one company, or under contract with multiple companies.
9. Knowledge Worker: Someone who works from home full or part-time, and utilizes information technology on a daily basis. Knowledge workers are typically employed by, or operate through a contractual agreement with a corporation.
10. Moonlighter: Someone who works from his or her home on a part-time basis as a supplemental job in addition to a primary job.
11. Occasional Home Worker: A person who brings home certain types of work after hours from his or her workplace on a frequent to occasional basis.
12. Part-Time Home-Based Worker: A person who works on a part-time basis at home, while working the rest of the time at another location.
13. Self-Employed Consultant: Someone who works from their home full or part-time, doing consulting work for more than one company or individual.
14. Teleworker (Telecommuter): An individual who works from their home, full or part time, as an employee for a public institution or corporation

#### **Section 4. CLASS I HOME-BASED BUSINESSES**

1. Class I Home-Based Businesses are classified as all home-based businesses or home-based employment activities that are permitted as accessory uses within residential zoning districts, and are considered to be of low intensity use.
2. Class I Home-Based Businesses must adhere to the operational standards as specified within Section 6 of this ordinance.
3. Class I Home-Based Businesses that do not meet the requirements as specified within this ordinance shall be considered an illegal operation and will be required by the City/Town of \_\_\_\_\_ to comply with the provisions of this ordinance within \_\_\_ days [4] of receiving notice of the violation from the municipal Code Enforcement Officer, or be required to cease all operations. All violations and enforcement shall be subject to Section 7 (3) of this ordinance.
4. Permit. Class I Home-Based Businesses are not required to maintain a permit.
5. Registration. Class I Home-Based Businesses are not required to register with the City/Town of \_\_\_\_\_.
6. Permitted Uses. The following uses shall be permitted: [5]
  - A. Home Offices for professionals, such as, but not limited to architects, authors, bookkeepers, consulting services, draftspersons, engineers, editors, publishers, journalists, contract management, graphic design, landscape design, and surveyors.
  - B. Telecommuting.
  - C. Studios for artists, sculptors, musicians, photographers and authors.
  - D. Babysitting services, childcare and adult care services (Not to exceed 4 individuals receiving the service)
  - E. Workrooms or office areas for crafts, dressmakers and seamstresses, cabinetry, woodworkers, jewelry making, and tailors.
  - F. Word and data processing.
  - G. Telephone answering services.

7. Prohibited Uses. The following uses shall be prohibited: [6]
- A. Adult uses, such as commercial establishments or other activities that place an emphasis on the description, use, function, sale or display of sexual content or activities and items determined to be of a sexual nature.
  - B. Any repair of motorized vehicles.
  - C. Home offices of higher-intensity uses for professionals, such as, but not limited to, accountants, brokers, counselors, clergy, insurance agents, lawyers, real estate agents, construction contractors, salespersons and travel agents.
  - D. Babysitting services, child care and adult care services (exceeding 4 people)
  - E. Painting or repair of motorized vehicles.
  - F. Personal services, such as, but not limited to, barbershops, beauty parlors, manicure and pedicure shops, pet grooming.
  - G. Kennels, stables, veterinarian clinics and hospitals.
  - H. Bird keeping facilities.
  - I. Instructional services, including music, dance, art, crafts, and like classes.
  - J. Restaurants, clubs and drinking establishments.
  - K. Massage therapy.
  - L. Catering and food preparation.
  - M. Medical or dental clinics.
  - N. Funeral chapels or homes.
  - O. Public places of amusement.
  - P. Welding or machine shops.
  - Q. Sale of firearms.

- R. Phone bank activities.
- S. Large appliance/electronics repair or service.

## **Section 5. CLASS II HOME-BASED BUSINESSES**

1. Class II Home-Based Businesses are classified as all home-based businesses or home-based employment activities that consist of higher intensity uses than Class I Home-Based Businesses as specified within Section 4 of this ordinance.
2. Class II Home-Based Businesses must adhere to the operational standards as specified within Section 6 of this ordinance.
3. Class II Home-Based Businesses that do not meet the requirements as specified within this ordinance shall be considered an illegal operation and will be required by the City/Town of \_\_\_\_\_ to comply with the provisions of this ordinance within \_\_\_ days [7] of receiving notice of the violation from the municipal Code Enforcement Officer, or be required to cease all operations. All violations and enforcement shall be subject to Section 7(3) of this ordinance.
4. Permit. Class II Home-Based Businesses shall be required to comply with all requirements as specified in Section 7(2) of this ordinance.
5. Registration. Class II Home-Based Businesses shall be required to comply with all requirements as specified in Section 7(1) of this ordinance.
6. Permitted Uses. The following uses shall be permitted: [8]
  - A. Home Offices for professionals, such as, but not limited to accountants, architects, authors, bookkeepers, brokers, clergy, counselors, consulting services, draftspersons, engineers, editors, insurance agents, lawyers, publishers, journalists, real estate agents, contract management, construction contractors, salespersons, travel agents, graphic design, landscape design, and surveyors.
  - B. Telecommuting.
  - C. Studios for artists, sculptors, musicians, photographers and authors.
  - D. Babysitting services, childcare and adult care services (Not to exceed 6 people)
  - E. Workrooms or office areas for crafts, dressmakers and seamstresses, cabinetry, woodworkers, jewelry making, and tailors.

- F. Personal services, such as, but not limited to, barbershops, beauty parlors, manicure and pedicure shops, pet grooming.
  - G. Instructional services, including music, dance, art, crafts, and like classes.
  - H. Telephone answering services.
  - I. Home offices of higher-intensity for professionals, such as, but not limited to, accountants, brokers, counselors, clergy, insurance agents, lawyers, real estate agents, construction contractors, salespersons and travel agents.
  - J. Word and data processing.
7. Prohibited Uses. The following uses shall be prohibited: [9]
- A. Adult uses, such as commercial establishments or other activities that place an emphasis on the description, use, function, sale or display of sexual content or activities and items determined to be of a sexual nature.
  - B. Any repair of motorized vehicles.
  - C. Babysitting services, child care and adult care services (exceeding 6 people)
  - D. Painting or repair of motorized vehicles.
  - E. Kennels, stables, veterinarian clinics and hospitals.
  - F. Bird keeping facilities.
  - G. Restaurants, clubs and drinking establishments.
  - H. Massage therapy.
  - I. Catering and food preparation.
  - J. Medical or dental clinics.
  - K. Funeral chapels or homes.

- L. Public places of amusement.
- M. Welding or machine shops.
- N. Sale of firearms.
- O. Phone bank activities.
- P. Large appliance/electronics repair or service.

## **Section 6. OPERATIONAL STANDARDS**

1. On-site sales. Home-based businesses may include the sales of commodities, provided that all products should be limited to those produced upon the premises; or that are items considered incidental to the service provided.
  
2. Traffic and Parking. [10]
  - A. All parking affiliated with home-based businesses and home-based employment activities shall be subject to the parking standards as specified in Section \_\_\_\_ of the City/Town of \_\_\_\_\_'s Municipal Code.
  - B. The home-based business or home-based employment activity shall not cause or add to on-street parking congestion or cause substantial increase in traffic through residential areas.
  - C. The home-based business or home-based employment activity shall not require more than two (2) on-street parking spaces, for clients or customers, in addition to the off-street parking spaces available to the residence. The two (2) on-street spaces shall be limited to parking within the street frontage of the residence. [11]
  - D. Home-based businesses and home-based employment activities shall not involve the use or storage of tractor trailers, semi-trucks or heavy equipment such as fuel trucks, dump trucks, construction trucks and associated equipment.
  - E. The home-based business or home-based employment activity shall not consist of more than one vehicle which is utilized for the business or on-site activity. [12]

3. Client Visits.
  - A. Class I Home-Based Businesses. There shall not be more than three client visits on any given workday throughout the course of a week.
  - B. Class II Home-Based Businesses. There shall not be more than two client visits per hour on any given workday throughout the course of a week, and may not exceed more than \_\_\_\_ per day. [13]
  
4. Display of signs. Home-based businesses and related home-based employment activities shall comply with the sign provisions as specified in Section \_\_\_\_\_ of the City/Town of \_\_\_\_\_'s Municipal Code. [14]
  
5. Storage of Materials. There shall be no storage of materials or equipment anywhere on the exterior premises of the property, nor may objects associated with the home-based business or home-based employment activity be placed anywhere on the property, which can effect the aesthetic quality of the neighborhood. All materials shall be enclosed within the primary residence, or within a structurally enclosed garage or accessory structure.
  
6. Shipping and Receiving.
  - A. Shipments and deliveries involving the operation of a home-based business or home-based employment activity shall occur only between the hours of 8 a.m. and \_\_\_\_ p.m. [15]
  - B. Number of Deliveries:
    - (1) Class I Home-Based Businesses. Deliveries related to a home-based business or home-based employment activity shall not exceed one delivery per day.
    - (2) Class II Home-Based Businesses. Deliveries related to a home-based business or home-based employment activity shall not exceed two deliveries per day.
  - C. Number of Shipments:
    - (1) Class I Home-Based Businesses. Shipments related to a home-based business or home-based employment activity shall not exceed one shipment per day.

- (2) Class II Home-Based Businesses. Shipments related to a home-based business or home-based employment activity shall not exceed two shipments per day.
7. Hours of Operation. The hours of operation for a home-based business or home-based employment activities shall begin no earlier than \_\_\_\_ a.m. and end no later than \_\_\_\_ p.m. daily. [15]
8. Additional Employees.
- A. Class I Home-Based Businesses. There shall be no employees other than the members of the immediate family residing in the primary residential dwelling where the home-based business or home-based employment activity is being conducted.
- B. Class II Home-Based Businesses. There shall be no more than two non-family related employees, whether on-premise or off-premise employees, employed in the primary residential dwelling where the home-based business or home-based activity is being conducted.
9. Garages and Accessory Structures. Home-based businesses and home-based employment activities shall be allowed within enclosed garages or accessory structures upon the premises. Use of carports and open structures which do not provide full structural enclosure will not be permitted within residential zoning districts.
10. Noise, Nuisances and Hazards. The home-based business or home-based employment activity shall not create objectionable noise, smoke, glare, heat, vibration, dust, fumes, lighting, air pollution, odors, liquids, solid waste, or any other forms of hazard or nuisances that is in excess of what is normally found within a residential neighborhood.

(Or)

Provisions for noise, smoke, glare or heat, vibration, dust, fumes, lighting, air pollution, odors, liquids and solid waste, and all other forms of nuisances shall be subject to municipal performance standards as specified in Section \_\_\_\_ of the City/Town of \_\_\_\_\_'s municipal zoning ordinance. [16]

11. Exterior Property Changes. There shall be no external structural alterations or construction, either permanent or accessory, to the dwelling, nor the installation of any equipment which would change the residential character of the dwelling.
12. Excess Utility Use. Home-based businesses and home-based employment activities shall not place any unnecessary burdens or over usage on electricity, water, sewer, trash collection, or other utilities.
13. Hazardous Materials. No flammable, hazardous or toxic materials other than those materials normally found in a residential dwelling, and only in quantities normally found in a dwelling, shall be stored on-site.
14. Floor Area Requirements. Home-based businesses and home-based employment activities shall be conducted only within the primary dwelling unit, enclosed garage and accessory structures, and shall not occupy more than 50 percent of the total floor area of the primary dwelling, enclosed garage or accessory structures on the property, excluding any unenclosed areas such as decks, open porches and like attached and unattached structures.

## **Section 7. ADMINISTRATIVE PROCEEDURES**

All Class II Home-Based Businesses shall adhere to the following requirements:

1. Registration Required.
  - A. Existing Class II Home-Based Businesses. Within six (6) months of the effective date of this ordinance, all existing home-based businesses are required to register.
  - B. Registration forms. Forms to register a Class II Home-Based Business shall be provided by the Code Enforcement Officer.
2. Permit Required.
  - A. Application Form. Applications for a Class II Home-Based Business Permit shall be on forms provided by the Code Enforcement Officer. Such information provided on the forms shall include:
    - (1) The address of the property.

- (2) The resident's name.
- (3) The type of business and business activities.
- (4) The number of employees.
- (5) The location and area of the Home-Based Business upon the property.
- (6) The vehicles used in the Home-based business.
- (7) The number of expected customer visits per day at any one time, and total anticipated visits throughout the workday.
- (8) Hours of operation.

B. Permits limited. Permits for Home-Based businesses are as follows:

- (1) Permits for home-based businesses shall be granted to a designated person who resides at the residential address.
- (2) Permits for home-based businesses are not transferable from person to person or address to address.
- (3) Should a home-based business permit holder die or move to a new location, the existing permit shall be automatically terminated, except that, in the case of death, the surviving spouse or family member residing at the address may continue the permit upon notice to and written authorization from the Code Enforcement Officer.
- (4) In cases where an application is for a home-based business that is not a permitted use, and is considered not to be in compliance with the operational standards as specified in Section 6 of this ordinance, the application will be denied.

C. Permit Fees [17]

D. Noncompliance. Any Home-Based Business Permit shall be revoked by the Code Enforcement Officer upon violation of any requirements of this ordinance, or upon failure to comply with any of the conditions or limitations of the permit, unless such violation is corrected within five (5)

days of receipt of written notice thereof. A permit may be revoked for repeated violations of the requirements of this ordinance, notwithstanding compliance to the violation notice.

- E. Appeal. In the event of denial of any permit, or the revocation thereof or of objection to the limitations placed thereon, appeal may be made to the Board of Adjustment in accordance with Section \_\_\_\_\_ of the City/Town Municipal Code.

3. Enforcement [18]

- 4. Business License Required. A Home Occupation Permit is not a business license, and the granting of said permit shall not relieve the permittee of any other license requirement of the City/Town of \_\_\_\_\_, or of any public agency.

**Section 8. EFFECTIVE DATE**

This ordinance shall become effective at the time and in the manner prescribed by law.

PASSED AND ADOPTED by the Mayor and Common Council of the City/Town of \_\_\_\_\_, Maricopa County, Arizona, this \_\_\_\_ day of \_\_\_\_\_, 200\_\_, by the following vote:

AYES:

NAYES:

ABSENT:

EXCUSED:

\_\_\_\_\_, Mayor

ATTEST:

\_\_\_\_\_, City/Town Clerk/Treasurer

APPROVED AS TO FORM

\_\_\_\_\_, City/Town Attorney

APPROVED AS TO FORM

## **Ordinance Footnotes**

- [1] Ordinance title block and language format should adhere to local ordinance structures.
- [2] Optional statement. Included to display the benefits that are derived from home-based businesses and home-based employment activities.
- [3] Optional statement. Included in an effort to describe the inclusive nature of the types of employment conducted from home. These terms were also included and described in Section 3 of the ordinance, and may be omitted by the city or town if this condition is not included as part of the municipality's provisions.
- [4] Days should be determined in accordance with the municipality's local zoning enforcement processes.
- [5] Permitted uses for Class I Home-Based Businesses may be expanded to meet the needs of the municipality. This list is provided as an example, and is not necessarily inclusive of all permitted uses.
- [6] Prohibited uses for Class I Home-Based Businesses may be expanded to meet the needs of the municipality. This list is provided as an example, and is not necessarily inclusive of all prohibited uses.
- [7] Days should be determined in accordance with the municipality's local zoning enforcement processes.
- [8] Permitted uses for Class II Home-Based Businesses may be expanded to meet the needs of the municipality. This list is provided as an example, and is not necessarily inclusive of all permitted uses.
- [9] Prohibited uses for Class II Home-Based Businesses may be expanded to meet the needs of the municipality. This list is provided as an example, and is not necessarily inclusive of all prohibited uses.
- [10] At a minimum, traffic and parking should be arranged to comply with existing local provisions as stated within the municipal zoning ordinance.
- [11] Should be determined based upon the needs and requirements of the municipality.
- [12] If more are necessary, this may be considered by the local community. Also, the community may choose to establish commercial vehicle weight requirements.

- [13] To be determined by the community, but should likely not exceed 10 to 15 visits per day in an effort to reduce neighborhood traffic.
- [14] Should adhere to the minimal sign provisions of the municipality. However, it is suggested that signs should not be allowed on the premises in order to protect the residential character of the neighborhood.
- [15] To be determined by the municipality, but should not be too restrictive as to make the operation of home-based businesses difficult.
- [16] At a minimum, the municipality should enforce basic performance standards as specified within the municipal zoning ordinance.
- [17] To be established by the municipality.
- [18] To be established in accordance with municipal enforcement requirements.

## Chapter Footnotes

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1. Wunder, Charles, American Planning Association, PAS Report Number 499, *Regulating Home-Based Businesses in the Twenty-First*, Pages 4-5, December 2000.
2. Wunder, Charles, American Planning Association, PAS Report Number 499, *Regulating Home-Based Businesses in the Twenty-First*, Page 5, December 2000.
3. American Home-Based Business Council, *New Jersey Home-Based Business Legislation*, January 2001.

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# ***APPENDIX A***

# COMMUNITY HOME-BASED BUSINESS SURVEY

## MARICOPA ASSOCIATION OF GOVERNMENTS

*Please Answer the Following Questions:*

### **GENERAL MUNICIPAL ISSUES REGARDING THE OPERATION OF HOME-BASED BUSINESSES (Home Occupations)**

1. Has your community experienced any positive impacts from neighborhood Home-Based Businesses? If so, please explain.
  - A.
  - B.
  - C.
  - D.
  - E.
2. Has your community experienced any negative impacts from neighborhood Home-Based Businesses? If so, please explain.
  - A.
  - B.
  - C.
  - D.
  - E.
3. Does your community have any concerns regarding the operation of Home-Based Businesses within residential neighborhoods?
  - A.
  - B.
  - C.
  - D.
  - E.

4. Have Home-Based Businesses in your community had an adverse effect upon the following?

If Yes, please describe:

	Yes	No	Unknown
Water	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sewer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trash Collection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local Traffic Congestion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parking in Residential Areas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. If you have answered "Yes" to any of the above statements, how has the municipality dealt with these issues?

- A.
- B.

6. Is the delivery and pick-up of packages related to Home-Based Businesses a problem within your community?

Yes	<input type="checkbox"/>	Somewhat	<input type="checkbox"/>
No	<input type="checkbox"/>	Unknown	<input type="checkbox"/>

**COMMUNITY PERMITTING AND ENFORCEMENT INFORMATION**

7. Are Home-Based Businesses currently regulated within your community?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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8. Is a specific permit necessary to establish and operate a Home-Based Business in your community?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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9. If Yes, what type of permit(s) is required?

10. What is the current method for regulating Home-Based Businesses within your community? (Please check appropriate box)

Municipal Zoning Ordinance

Home-Based Business Ordinance (Separate From Municipal Zoning Ordinance)

Not Enforced

Other Form of Municipal Approval

If Other, Please Identify:

11. What type of use is a Home-Based Business within your community? (Please check appropriate box)

Permitted Use

Subject to Approval

Not Enforced

Accessory Use

Conditional Use

Other (Please Identify)

12. Are the current ordinances or methods utilized for the regulation of Home-Based Businesses within your community adequate?

Yes

No

13. If not adequate, what type of revision is needed ?

Limited text changes/minor modifications to the municipal zoning ordinance

The inclusion of new regulatory language into the municipal zoning ordinance

The adoption of a new ordinance (Separate from the existing zoning ordinance)

14. Do you consider the community's ordinances to be too restrictive toward individuals that want to operate a Home-Based Business within a residential neighborhood?

Yes

No

**QUESTIONS CONCERNING THE DEVELOPMENT OF A MODEL HOME-BASED BUSINESS ORDINANCE**

15. Should your municipality actively license Home-Based Businesses within the community?

Yes  No

16. With respect to home-based employment, do you believe that it is necessary to develop a tiered ordinance that specifies regulatory differences between owning a Home-Based Business, telecommuting and other employment arrangements conducted from home?

Yes  No

17. Would you favor a two-tiered ordinance which requires no permitting for lower-use activities, and a permitting process for higher activity Home-Based Businesses?

Yes  No

18. What suggestions would you provide concerning the development of a model ordinance for Home-Based Businesses?

- A.
- B.
- C.
- D.
- E.

19. Additional Comments: